Government of Canada   Gouvernement du Canada

Prepared by the
Receiver General for Canada

Public Accounts of Canada

2017

Volume I

Summary Report and Consolidated Financial Statements

Canada

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To Her Excellency

The Right Honourable Julie Payette
C.C., C.M.M., C.O.M., C.D.,
Governor General and
Commander-in-Chief of Canada

May it please your Excellency:

I have the honour to present to Your Excellency the *Public Accounts of Canada* for the year ended March 31, 2017.

All of which is respectfully submitted.

Scott Brison, P.C., M.P.
President of the Treasury Board

Ottawa, October 3, 2017

To The Honourable Scott Brison, P.C., M.P.
President of the Treasury Board

Sir:

In accordance with the provisions of section 64(1) of the *Financial Administration Act*, I have the honour to transmit herewith the *Public Accounts of Canada* for the year ended March 31, 2017, to be laid by you before the House of Commons.

Respectfully submitted,

Carla Qualtrough, P.C., M.P.
Receiver General for Canada

Ottawa, October 3, 2017

To The Honourable Carla Qualtrough, P.C., M.P.
Receiver General for Canada

Madam:

I have the honour to submit the *Public Accounts of Canada* for the year ended March 31, 2017.

Under section 64(1) of the *Financial Administration Act*, the *Public Accounts of Canada* for each fiscal year shall be prepared by the Receiver General and shall be laid before the House of Commons by the President of the Treasury Board on or before the thirty-first day of December next following the end of that year, or if the House of Commons is not then sitting, within the first fifteen days next thereafter that the House of Commons is sitting.

This annual report is presented in three volumes:

Volume I — The consolidated financial statements of Canada on which the Auditor General has expressed an opinion and provided his observations; a discussion and analysis of the consolidated financial statements and a ten-year comparison of financial information; analyses of revenues and expenses, and of asset and liability accounts; and various other statements;

Volume II — Details of the financial operations of the Government, segregated by ministry; and

Volume III — Additional information and analyses

Respectfully submitted,

Marie Lemay
Deputy Receiver General for Canada

Ottawa, October 3, 2017

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Volume I

2016–2017

Public Accounts of Canada

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Introduction to the *Public Accounts of Canada*

Nature of the *Public Accounts of Canada*

The *Public Accounts of Canada* is the report of the Government of Canada prepared annually by the Receiver General, as required by section 64 of the *Financial Administration Act*. It covers the fiscal year of the Government, which ends on March 31.

The information contained in the report originates from two sources of data:

- the summarized financial transactions presented in the accounts of Canada, maintained by the Receiver General; and
- the detailed records, maintained by departments and agencies.

Each department and agency is responsible for reconciling its accounts to the control accounts of the Receiver General, and for maintaining detailed records of the transactions in their accounts.

The report covers the financial transactions of the Government during the year. In certain cases, parliamentary authority to undertake transactions was provided by legislation approved in earlier years.

Format of the *Public Accounts of Canada*

The *Public Accounts of Canada* is produced in three volumes:

Volume I presents the audited consolidated financial statements of the Government, as well as additional financial information and analyses;

Volume II presents the financial operations of the Government, segregated by ministry; and

Volume III presents supplementary information and analyses.

Section 1

2016–2017

Public Accounts of Canada

Financial statements discussion and analysis

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Note to reader

An overview of the financial operations of the Government of Canada is provided in the ***Annual Financial Report*** prepared by the Department of Finance Canada. This Report also includes condensed consolidated financial statements.

Accompanying this Report are historical fiscal reference tables and related fiscal indicators for the federal government and the provinces.

The ***Annual Financial Report*** is available on the web at www.fin.gc.ca/purl/afr-eng.asp.

Financial statements discussion and analysis

Introduction

The *Public Accounts of Canada* is a major accountability report of the Government of Canada. This section, together with the other sections in this volume and in Volumes II and III of the *Public Accounts of Canada*, provides detailed supplementary information in respect of matters reported in the audited consolidated financial statements in Section 2 of this volume. Supplementary discussion and analysis of the Government's financial results can be found in the *Annual Financial Report of the Government of Canada – Fiscal Year 2016–2017*, available on the Department of Finance Canada's website.

The consolidated financial statements and financial statements discussion and analysis have been prepared under the joint direction of the Minister of Finance, the President of the Treasury Board and the Receiver General for Canada. Responsibility for the integrity and objectivity of the consolidated financial statements and financial statements discussion and analysis rests with the Government. A glossary of terms used in this financial statements discussion and analysis is provided at the end of this section.

2016–2017 financial highlights

- The Government posted a budgetary deficit of $17.8 billion for the fiscal year ended March 31, 2017, compared to a budgetary deficit of $1.0 billion in 2015–2016.
- Revenues decreased by $2.0 billion, or 0.7 per cent, from 2015–2016. Program expenses increased by $16.2 billion, or 6.0 per cent, reflecting increases in major transfers to persons, major transfers to other levels of government and other transfer payments. Public debt charges were down $1.3 billion, or 5.2 per cent, reflecting a lower average effective interest rate on the stock of interest-bearing debt.
- The accumulated deficit (the difference between total liabilities and total assets) stood at $631.9 billion at March 31, 2017. The accumulated deficit-to-GDP (gross domestic product) ratio was 31.2 per cent, up 0.2 per cent from the previous year.
- As reported by the International Monetary Fund (IMF), Canada's total government net debt-to-GDP ratio, which includes the net debt of the federal, provincial/territorial and local governments, as well as the net assets held in the Canada Pension Plan and Quebec Pension Plan, stood at 27.6 per cent in 2016. This is the lowest level among Group of Seven (G7) countries, which the IMF expects will record an average net debt of 83.0 per cent of GDP for the same year.

Discussion and analysis

Economic developments[1]

The global economy underwent another year of restrained growth in 2016, held back by a series of headwinds and adjustments. While the vote in the United Kingdom to exit the European Union added a layer of uncertainty, the ongoing rebalancing of growth in China, still-fragile banking systems in certain European countries, and continued adjustments in commodity-exporting countries, among other factors, resulted in subdued global growth. However, as the impact of the global oil price shock appeared to have bottomed out, and supported by extraordinarily accommodative monetary policy conditions, global economic activity strengthened in the second half of 2016, driving up consumer and business confidence worldwide.

In Canada, real GDP growth remained subdued in 2016 (1.5 per cent), after posting its weakest pace since the 2008-2009 Great Recession in 2015 (0.9 per cent). However, economic growth accelerated sharply during the second half of 2016 due to a rebound from the Fort McMurray wildfires, the dissipating effects of lower oil prices, and monetary and fiscal policy support. Notably, the price of West Texas Intermediate crude oil recovered, rising to above US$50 per barrel by the end of 2016, after declining to its lowest level since 2002 at the beginning of the year (below US$30 per barrel).

Canada's nominal GDP, the broadest measure of the tax base, grew 2.1 per cent, up from 0.2 per cent in 2015, which marked the slowest growth since 1981 excluding the 2008–2009 recession. Higher nominal GDP growth in 2016 was predominantly due to stronger GDP inflation, reflecting the waning impact of the oil price shock on Canada's terms of trade, and higher real GDP growth.

Interest rates across the yield curve in Canada continued to remain historically low in 2016. However, long-term interest rates increased in the second half of the year, along with higher U.S. interest rates, as expectations for further monetary policy tightening and forward-looking inflation expectations in the U.S. strengthened.

The unemployment rate was 7.0 per cent in 2016, up slightly from 6.9 per cent in 2015, reflecting the lagged impact of the oil price shock on the oil-producing provinces' labour markets. Consumer Price Index inflation accelerated from 1.1 per cent in 2015 to 1.4 per cent in 2016, below the mid-point of the Bank of Canada's target band (2.0 per cent).

Going forward, there remain important uncertainties and risks in the global and domestic economies. For Canada, principally, there remains uncertainty around key elements of U.S. economic, fiscal and trade policy. Further, elevated levels of household debt could pose a risk in the event of a negative economic shock, while oil prices could disappoint in the near term should supply continue to increase. The Government regularly surveys private sector economists on their views on the economy to assess and manage economic risks.

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[1] This section incorporates data available up to and including August 10, 2017.

Average private sector forecasts

(in percentage)

	2015	2016	2017	2018
Real GDP growth				
Budget 2016	0.9	1.4	2.2	2.2
Budget 2017	0.9	1.3	1.9	2.0
Actual	0.9	1.5	—	—
Nominal GDP growth				
Budget 2016	0.2	2.3	4.6	4.3
Budget 2017	0.2	2.0	4.1	4.0
Actual	0.2	2.1	—	—
3-month Treasury bill rate				
Budget 2016	0.5	0.5	0.7	1.6
Budget 2017	0.5	0.5	0.6	0.9
Actual	0.5	0.5	—	—
10-year government bond rate				
Budget 2016	1.5	1.6	2.3	3.0
Budget 2017	1.5	1.3	1.8	2.3
Actual	1.5	1.3	—	—
Unemployment rate				
Budget 2016	6.9	7.1	6.9	6.5
Budget 2017	6.9	7.0	6.9	6.7
Actual	6.9	7.0	—	—
Consumer price index inflation				
Budget 2016	1.1	1.6	2.0	2.0
Budget 2017	1.1	1.5	2.0	2.0
Actual	1.1	1.4	—	—

Figures for Budget 2016 and Budget 2017 are as shown in Budget 2017. GDP figures reflect data as of the third quarter of 2016 released on November 30, 2016.

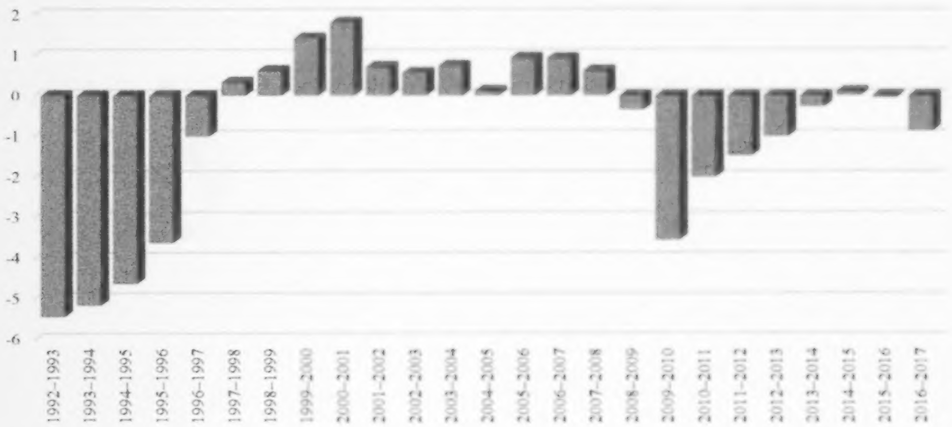
The budgetary balance

The budgetary balance is the difference between the Government's revenues and expenses over a fiscal year. It is one of the key measures of the Government's annual financial performance. The Government posted a budgetary deficit of $17.8 billion in 2016–2017, compared to a deficit of $1.0 billion in 2015–2016.

The following graph shows the Government's budgetary balance since 1992–1993. To enhance the comparability of results over time and across jurisdictions, the budgetary balance and its components are presented as a percentage of GDP. In 2016–2017, the budgetary deficit was 0.9 per cent of GDP, compared to a deficit of 0.0 per cent of GDP a year earlier.

Annual surplus/deficit

(percentage of GDP)



Revenues were down $2.0 billion, or 0.7 per cent, from the prior year, primarily reflecting declines in personal income tax revenues, Employment Insurance (EI) premium revenues and other revenues, partially offset by an increase in Goods and Services Tax (GST) revenues.

Expenses were up $14.8 billion, or 5.0 per cent, from the prior year. Program expenses increased by $16.2 billion, or 6.0 per cent, reflecting increases in major transfers to persons, major transfers to other levels of government and other transfer payments. Public debt charges decreased by $1.3 billion, or 5.2 per cent, from the prior year, reflecting a lower average effective interest rate on the stock of interest-bearing debt.

2016–2017 financial highlights

(in millions of dollars)

	2016–2017	2015–2016
Consolidated Statement of Operations		
Revenues	293,495	295,453
Expenses		
Program expenses	287,156	270,997
Public debt charges	24,109	25,443
Total expenses	311,265	296,440
Annual deficit	***(17,770)***	***(987)***
Percentage of GDP	*(0.9)%*	*0.0%*
Consolidated Statement of Financial Position		
Liabilities		
Accounts payable and accrued liabilities	132,519	127,853
Interest-bearing debt	964,696	931,721
Total liabilities	1,097,215	1,059,574
Financial assets	382,758	365,823
Net debt	***(714,457)***	***(693,751)***
Non-financial assets	82,558	77,765
Accumulated deficit	***(631,899)***	***(615,986)***
Percentage of GDP	*31.2%*	*31.0%*

Certain comparative figures have been reclassified to conform to the current year's presentation.

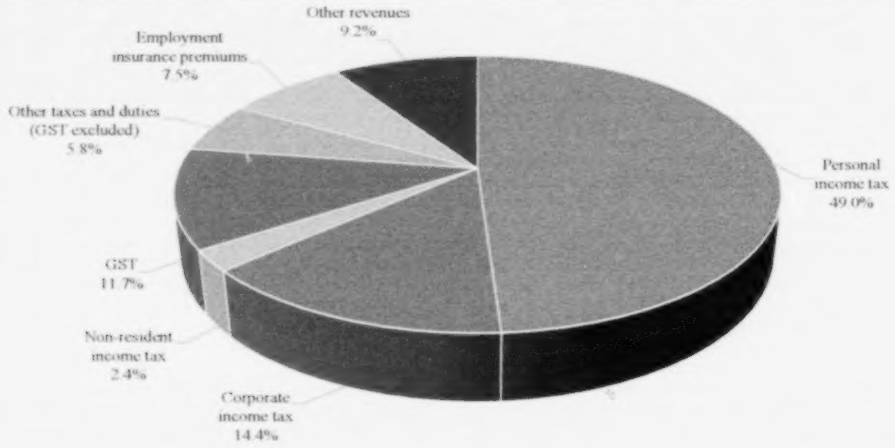
Revenues

Federal revenues can be broken down into four main categories: income tax revenues, other taxes and duties, EI premium revenues and other revenues. Within the income tax category, personal income tax revenues are the largest source of federal revenues, and accounted for 49.0 per cent of total revenues in 2016–2017 (unchanged from 2015–2016). Corporate income tax revenues are the second largest source of revenues, and accounted for 14.4 per cent of total revenues in 2016–2017 (up from 14.0 per cent in 2015–2016). Non-resident income tax revenues are a comparatively smaller source of revenues, accounting for only 2.4 per cent of total revenues in 2016–2017 (up from 2.2 per cent in 2015–2016).

Other taxes and duties consist of revenues from the GST, energy taxes, customs import duties and other excise taxes and duties. The largest component of this category—GST revenues—accounted for 11.7 per cent of all federal revenues in 2016–2017 (up from 11.2 per cent in 2015–2016). The share of the remaining components of other taxes and duties stood at 5.8 per cent of total federal revenues (up from 5.7 per cent in 2015–2016).

The last two categories of federal revenues are EI premium revenues and other revenues. EI premium revenues accounted for 7.5 per cent of total federal revenues in 2016–2017 (down from 7.8 per cent in 2015–2016). Other revenues are made up of three broad components: net income from enterprise Crown corporations and other government business enterprises; other program revenues from returns on investments, proceeds from the sales of goods and services, and other miscellaneous revenues; and foreign exchange revenues. Other revenues accounted for 9.2 per cent of total federal revenues in 2016–2017 (down from 10.1 per cent in 2015–2016).

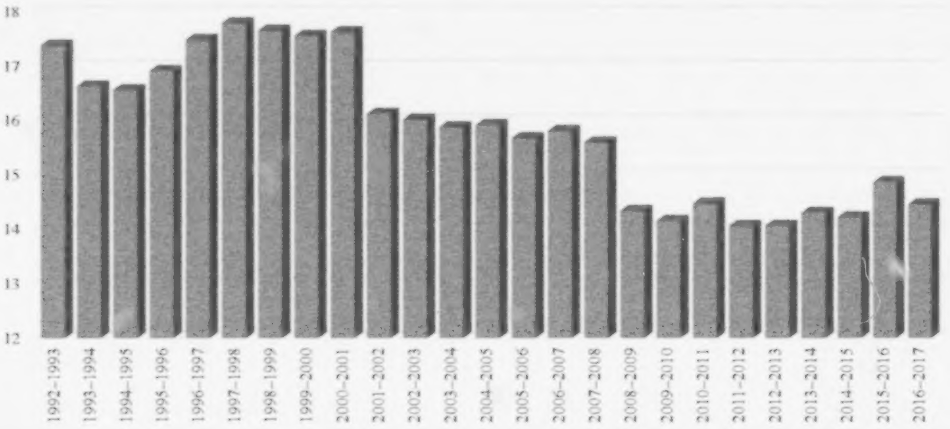
Composition of revenues for 2016–2017



The revenue ratio—revenues as a percentage of GDP—compares the total of all federal revenues to the size of the economy. This ratio is influenced by changes in statutory tax rates and by economic developments. The ratio stood at 14.5 per cent in 2016–2017 (down from 14.9 per cent in 2015–2016). This decrease primarily reflects a year-over-year decline in EI premium revenues due to a reduction in the premium rate and a return of other revenues to more normal levels following a one-time increase in 2015–2016 due to the sale of the Government's remaining holdings of General Motors common shares. Overall, the revenue ratio has declined since 2001–2002, due primarily to tax reduction measures in personal and corporate income taxes and the GST.

Revenue ratio

(revenues as a percentage of GDP)



Revenues compared to 2015–2016

Total revenues amounted to $293.5 billion in 2016–2017, down $2.0 billion, or 0.7 per cent, from 2015–2016. The following table compares revenues for 2016–2017 to 2015–2016.

Revenues

(in millions of dollars)

			Change	
	2016–2017	2015–2016	$	%
Income tax revenues				
Personal	143,680	144,897	(1,217)	(0.8)
Corporate	42,216	41,444	772	1.9
Non-resident	7,071	6,505	566	8.7
Total	**192,967**	**192,846**	**121**	**0.1**
Other taxes and duties				
Goods and services tax	34,368	32,952	1,416	4.3
Energy taxes	5,634	5,565	69	1.2
Customs import duties	5,478	5,372	106	2.0
Other excise taxes and duties	5,868	5,916	(48)	(0.8)
Total	**51,348**	**49,805**	**1,543**	**3.1**
Employment insurance premiums	**22,125**	**23,070**	**(945)**	**(4.1)**
Other revenues	**27,055**	**29,732**	**(2,677)**	**(9.0)**
Total revenues	**293,495**	**295,453**	**(1,958)**	**(0.7)**

Personal income tax revenues decreased by $1.2 billion, or 0.8 per cent, largely reflecting the impact of tax planning by high-income individuals to recognize income in the 2015 tax year before the new 33 per cent tax rate came into effect in 2016. This behaviour raised revenues in 2015–2016 but lowered them in 2016–2017.

Corporate income tax revenues increased by $0.8 billion, or 1.9 per cent, reflecting economic growth leading to growth in corporate taxable income. The increase reflects strong earnings in the financial, retail and information/cultural sectors.

Non-resident income tax revenues are paid by non-residents on Canadian-sourced income. These revenues increased by $0.6 billion, or 8.7 per cent, reflecting growth in corporate earnings and dividends.

Other taxes and duties increased by $1.5 billion, or 3.1 per cent. GST revenues grew by $1.4 billion in 2016–2017, or 4.3 per cent, reflecting growth in retail sales. Energy taxes grew by $0.1 billion, or 1.2 per cent, due to slightly higher gasoline consumption in 2016–2017. Customs import duties increased by $0.1 billion, or 2.0 per cent. Other excise taxes and duties were down $48 million, or 0.8 per cent, largely reflecting lower softwood lumber export charge revenues as a result of the expiration of the Canada-U.S. Softwood Lumber Agreement.

EI premium revenues decreased by $0.9 billion, or 4.1 per cent. This decrease resulted from the reduction in the EI premium rate in 2017, offset in part by growth in employment and wages.

Other revenues decreased by $2.7 billion, or 9.0 per cent, in 2016–2017, largely reflecting the one-time gain of $2.1 billion recorded in 2015–2016 on the sale of the Government's remaining holdings of General Motors common shares. In addition, other revenues were impacted by a $0.2-billion decline in interest and penalties revenues and $0.2-billion decrease in Exchange Fund Account profits.

Expenses

Federal expenses can be broken down into three main categories: transfer payments, which account for almost two-thirds of all federal spending, other expenses and public debt charges.

Within these three main categories, the largest major component of expenses in 2016–2017 was major transfers to persons, which made up 29.2 per cent of total expenses. This category consists of elderly, EI and children's benefits.

The second largest component of expenses was other expenses, which accounted for 27.6 per cent of total expenses. Other expenses represent the operating expenses of the Government's 121 departments, agencies and consolidated Crown corporations and other entities.

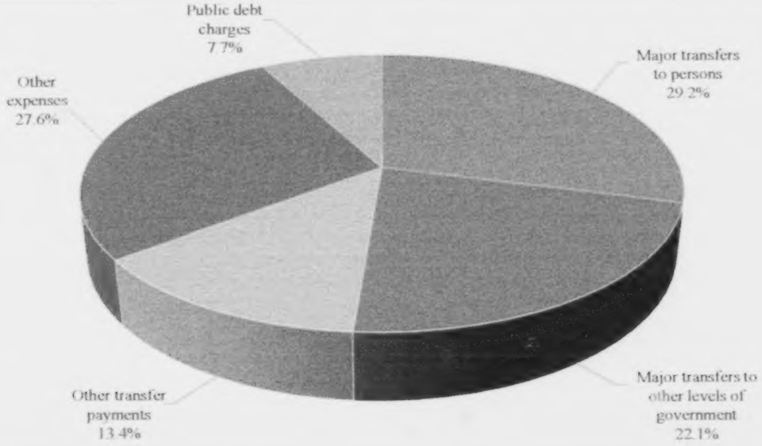
Major transfers to other levels of government—which include the Canada Health Transfer, the Canada Social Transfer, fiscal arrangements (Equalization, transfers to the territories, a number of smaller transfer programs and the Quebec Abatement), transfers to provinces on behalf of Canada's cities and communities, and other transfers—made up 22.1 per cent of total expenses in 2016–2017.

Other transfer payments, which include transfers to Aboriginal peoples, assistance to farmers, students and businesses, support for research and development, and international assistance, made up 13.4 per cent of expenses.

Public debt charges made up the remaining 7.7 per cent of total expenses in 2016–2017.

There has been a large shift in the composition of total expenses since the early 1990s. Public debt charges were the largest component for most of the 1990s, given the large and increasing stock of interest-bearing debt and high average effective interest rates on that stock of debt. Since reaching a high of nearly 30 per cent of total expenses in 1996–1997, the share of public debt charges in total expenses has fallen by more than two-thirds.

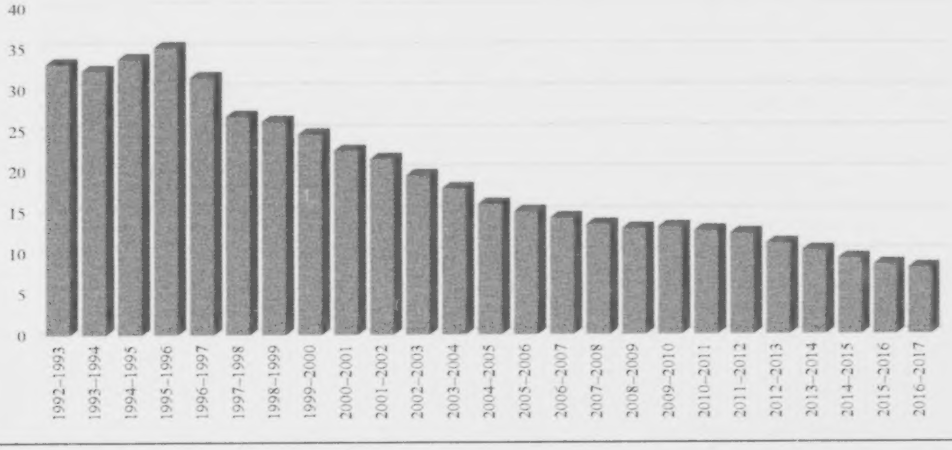
Composition of expenses for 2016–2017



The interest ratio (public debt charges as a percentage of revenues) shows the proportion of every dollar of revenue that is needed to pay interest and is therefore not available to pay for program initiatives. The lower the ratio, the more flexibility the Government has to address the key priorities of Canadians. The interest ratio has been decreasing in recent years, falling from a peak of 37.6 per cent in 1990–1991 to 8.6 per cent in 2015–2016. The ratio continued to fall in 2016–2017, reaching 8.2 per cent. This means that, in 2016–2017, the Government spent approximately 8 cents of every revenue dollar on interest on public debt.

Interest ratio

(public debt charges as a percentage of revenues)



Expenses compared to 2015–2016

Total expenses amounted to $311.3 billion in 2016–2017, up $14.8 billion, or 5.0 per cent, from 2015–2016. The following table compares total expenses for 2016–2017 to 2015–2016.

Expenses

(in millions of dollars)

	2016–2017	2015–2016	Change $	Change %
Transfer payments				
Major transfers to persons				
Elderly benefits[1]	48,162	45,461	2,701	5.9
Employment insurance	20,711	19,419	1,292	6.7
Children's benefits	22,065	18,025	4,040	22.4
Total	**90,938**	**82,905**	**8,033**	**9.7**
Major transfers to other levels of government				
Federal transfer support for health and other social programs	49,405	46,984	2,421	5.2
Fiscal arrangements and other transfers	19,247	18,866	381	2.0
Total	**68,652**	**65,850**	**2,802**	**4.3**
Other transfer payments	41,580	34,874	6,706	19.2
Total transfer payments	**201,170**	**183,629**	**17,541**	**9.6**
Other expenses	**85,986**	**87,368**	**(1,382)**	**(1.6)**
Total program expenses	**287,156**	**270,997**	**16,159**	**6.0**
Public debt charges	**24,109**	**25,443**	**(1,334)**	**(5.2)**
Total expenses	**311,265**	**296,440**	**14,825**	**5.0**

[1] Elderly benefits consist of old age security benefits, guaranteed income supplement and spouse's allowance.

Certain comparative figures have been reclassified to conform to the current year's presentation.

Major transfers to persons increased by $8.0 billion in 2016–2017, reflecting increases in elderly, children's and EI benefits. Elderly benefits increased by $2.7 billion, or 5.9 per cent, reflecting growth in the elderly population and changes in consumer prices, to which benefits are fully indexed. EI benefits increased by $1.3 billion in 2016–2017, reflecting measures announced in Budget 2016 to expand EI coverage.

Children's benefits increased by $4.0 billion, or 22.4 per cent, reflecting the new Canada Child Benefit, which replaced the Canada Child Tax Benefit and the Universal Child Care Benefit as of July 2016.

Major transfers to other levels of government increased by $2.8 billion in 2016–2017, primarily reflecting legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories.

Other transfer payments increased by $6.7 billion, or 19.2 per cent, in 2016–2017. This increase reflects a number of factors including the accelerated repayment of contributions by Pratt & Whitney Canada in 2015–2016, which decreased transfer payments in that year, as well as increased transfers recorded in 2016–2017, including transfers for Aboriginal peoples and social housing programs, and funding under the new Post-Secondary Institutions Strategic Investment Fund.

Other expenses of departments, agencies and consolidated Crown corporations and other entities decreased by $1.4 billion, or 1.6 per cent, largely reflecting the one-time accrual impact of amendments to veterans future benefit plans in 2015–2016 which raised other expenses in that year, as well as a decrease in bad debt expenses in 2016-2017, offset in part by increases in the current year in claims expenses and pensions and other future benefit costs based on the Government's latest actuarial valuations.

Public debt charges decreased by $1.3 billion, or 5.2 per cent, reflecting a lower average effective interest rate on the stock of interest-bearing debt, down from 2.8 per cent in 2015–2016 to 2.5 per cent in 2016–2017.

Comparison of actual results to budget projections

Comparison to March 2017 budget plan

The $17.8-billion deficit recorded in 2016–2017 represents a $5.3-billion improvement over the $23.0-billion deficit projected in the March 2017 Budget.

Revenues were $1.4 billion, or 0.5 per cent, higher than expected, primarily reflecting higher-than-projected GST revenues and non-resident income tax revenues, largely as a result of the stronger-than-expected economic growth in the last few months of the fiscal year.

Program expenses were $3.7 billion lower than expected, reflecting a number of factors, including lower-than-expected infrastructure transfer payments; lower-than-expected bad debt expenses associated with taxes receivable and other accounts receivable; and a downward adjustment to the expenses of the St. Lawrence Seaway Management Corporation in the current year to reflect the retroactive capitalization of certain asset renewal costs.

Public debt charges were $0.1 billion lower than forecast, reflecting a lower-than-expected average effective interest rate on the stock of interest-bearing debt.

Comparison of 2016–2017 outcomes to March 2017 budget

(in millions of dollars)

	Projection	Actual	Difference
Revenues	292,089	293,495	1,406
Expenses			
Program expenses	290,881	287,156	(3,725)
Public debt charges	24,254	24,109	(145)
Total expenses	315,135	311,265	(3,870)
Annual deficit	**(23,046)**	**(17,770)**	**5,276**

Comparison to March 2016 budget plan

The 2016–2017 budgetary deficit of $17.8 billion represents a $11.6 billion improvement relative to the $29.4-billion deficit projected for 2016–2017 in the March 2016 Budget. This improvement is due to higher-than-forecast revenues and lower-than-forecast expenses.

Revenues were $5.8 billion, or 2.0 per cent, higher than forecast in the March 2016 Budget, primarily reflecting stronger-than-expected growth in income tax revenues and other taxes and duties due mainly to a stronger-than-expected economic performance.

Total expenses were $5.8 billion lower than projected in the March 2016 Budget, with program expenses $4.2 billion lower than forecast and public debt charges $1.6 billion lower than forecast.

Major transfers to persons were $0.5 billion lower than forecast. This was largely as a result of lower-than-expected EI benefits reflecting improved labour market conditions, as well as lower-than-expected elderly benefits due to weaker-than-expected inflation and fewer recipients than forecast.

Direct program expenses, which are comprised of other transfer payments and other expenses, were $3.8 billion lower than projected in the March 2016 Budget. The variance from forecast was largely due to lower other expenses, driven in large part by lower-than-expected bad debt expenses, capital amortization expenses and a downward adjustment to the expenses of the St. Lawrence Seaway Management Corporation in the current year to reflect the retroactive capitalization of certain asset renewal costs.

Public debt charges in 2016–2017 were $1.6 billion lower than forecast in the March 2016 Budget, largely reflecting a lower-than-expected average effective interest rate on the stock of interest-bearing debt.

Comparison of 2016–2017 outcomes to March 2016 budget

(in millions of dollars)

	Budget	Actual	Difference
Revenues			
Income tax revenues	187,992	192,967	4,975
Other taxes and duties	49,588	51,348	1,760
Employment insurance premiums	22,402	22,125	(277)
Other revenues	27,677	27,055	(622)
Total revenues	**287,659**	**293,495**	**5,836**
Expenses			
Program expenses			
Major transfers to persons	91,402	90,938	(464)
Major transfers to other levels of government	68,649	68,652	3
Other transfer payments	41,684	41,580	(104)
Other expenses	89,658	85,986	(3,672)
Total program expenses	**291,393**	**287,156**	**(4,237)**
Public debt charges	**25,682**	**24,109**	**(1,573)**
Total expenses	**317,075**	**311,265**	**(5,810)**
Annual deficit	**(29,416)**	**(17,770)**	**11,646**

Accumulated deficit

The accumulated deficit is the difference between the Government's total liabilities and total assets. The annual change in the accumulated deficit represents the annual budgetary balance plus other comprehensive income or loss. Other comprehensive income or loss represents certain unrealized gains and losses on financial instruments and certain actuarial gains and losses related to pensions and other employee future benefits reported by enterprise Crown corporations and other government business enterprises. Based on Canadian public sector accounting standards, other comprehensive income or loss is not included in the Government's annual budgetary balance, but is instead recorded directly to the Government's Consolidated Statement of Accumulated Deficit and Consolidated Statement of Change in Net Debt.

Accumulated deficit

(in millions of dollars)

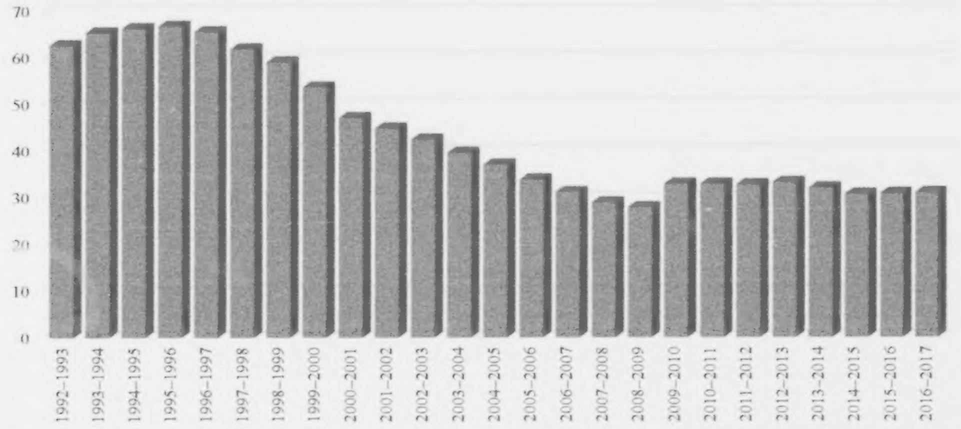
	2016–2017	2015–2016	Difference
Accumulated deficit at beginning of year	**(615,986)**	**(612,330)**	**(3,656)**
Annual deficit	(17,770)	(987)	(16,783)
Other comprehensive income (loss)	1,857	(2,669)	4,526
Accumulated deficit at end of year	**(631,899)**	**(615,986)**	**(15,913)**

The accumulated deficit increased by $15.9 billion in 2016–2017, reflecting the $17.8-billion budgetary deficit, offset in part by $1.9 billion in other comprehensive income. The $1.9 billion in other comprehensive income reflects $0.1 billion in net unrealized gains on available-for-sale financial instruments and $1.8 billion in net actuarial gains on pensions and other employee future benefits recorded by enterprise Crown corporations and other government business enterprises.

The accumulated deficit was 31.2 per cent of GDP at March 31, 2017, compared to a post-World War II peak of 66.8 per cent at March 31, 1996.

Accumulated deficit

(as a percentage of GDP)



The Government's total liabilities include interest-bearing debt and accounts payable and accrued liabilities. Total assets include both financial and non-financial assets, the latter consisting primarily of tangible capital assets. The following sections provide more details on each of these components.

Statement of financial position

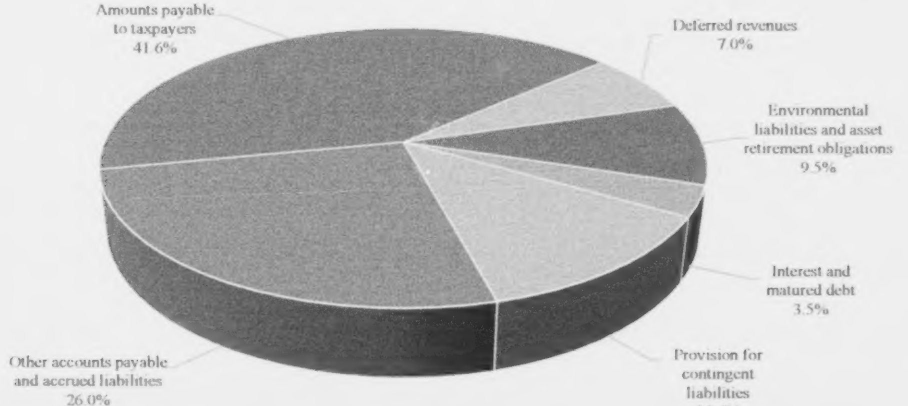
(in millions of dollars)

	2016–2017	2015–2016	Difference
Liabilities			
Accounts payable and accrued liabilities	132,519	127,853	4,666
Interest-bearing debt			
Unmatured debt	713,633	688,211	25,422
Pensions and other future benefits	245,374	237,908	7,466
Other liabilities	5,689	5,602	87
Total	964,696	931,721	32,975
Total liabilities	**1,097,215**	**1,059,574**	**37,641**
Financial assets			
Cash and accounts receivable	158,055	154,688	3,367
Foreign exchange accounts	98,797	93,539	5,258
Loans, investments and advances	124,006	115,957	8,049
Public sector pension assets	1,900	1,639	261
Total financial assets	**382,758**	**365,823**	**16,935**
Net debt	***(714,457)***	***(693,751)***	***(20,706)***
Non-financial assets	**82,558**	**77,765**	**4,793**
Accumulated deficit	***(631,899)***	***(615,986)***	***(15,913)***

Accounts payable and accrued liabilities

The following chart shows accounts payable and accrued liabilities by category for 2016–2017.

Accounts payable and accrued liabilities by category for 2016–2017



The Government's accounts payable and accrued liabilities consist of amounts payable to taxpayers based on assessments and estimates of refunds owing for tax assessments not completed by year end; provisions for contingent liabilities, including guarantees provided by the Government and claims and pending and threatened litigation; environmental liabilities and asset retirement obligations, which include estimated costs related to the remediation of contaminated sites and the future restoration of certain tangible capital assets; deferred revenue; interest and matured debt, as well as accrued interest at year end; and other accounts payable and accrued liabilities. Other accounts payable and accrued liabilities include items such as accrued salaries and benefits; amounts payable to provinces, territories and Aboriginal governments for taxes collected and administered on their behalf in accordance with tax collection agreements; and amounts owing at year end pursuant to contractual arrangements or for work performed or goods received.

At March 31, 2017, accounts payable and accrued liabilities totalled $132.5 billion, up $4.7 billion from March 31, 2016. This increase reflects growth in amounts payable to taxpayers, provisions for contingent liabilities, and other accounts payable and accrued liabilities, partially offset by decreases in environmental liabilities and asset retirement obligations, deferred revenue and interest and matured debt.

Amounts payable to taxpayers increased by $1.4 billion in 2016–2017, from $53.7 billion at March 31, 2016 to $55.1 billion at March 31, 2017.

Provisions for contingent liabilities increased by $3.9 billion, largely reflecting an increase in the provision for claims and pending and threatened litigation.

Other accounts payable and accrued liabilities increased by $1.2 billion in 2016–2017. Within this component, accrued salaries and benefits increased by $1.0 billion, reflecting in part the accrual of retroactive salaries under new collective agreements. Accounts payable of consolidated Crown corporations and other entities increased by $2.1 billion, largely relating to growth in trade payables and progress payments from foreign customers received by the Canadian Commercial Corporation. These increases were offset in part by a $1.9-billion decrease in liabilities under provincial, territorial and Aboriginal tax agreements, due to settlements of prior years' tax assessments and timing differences.

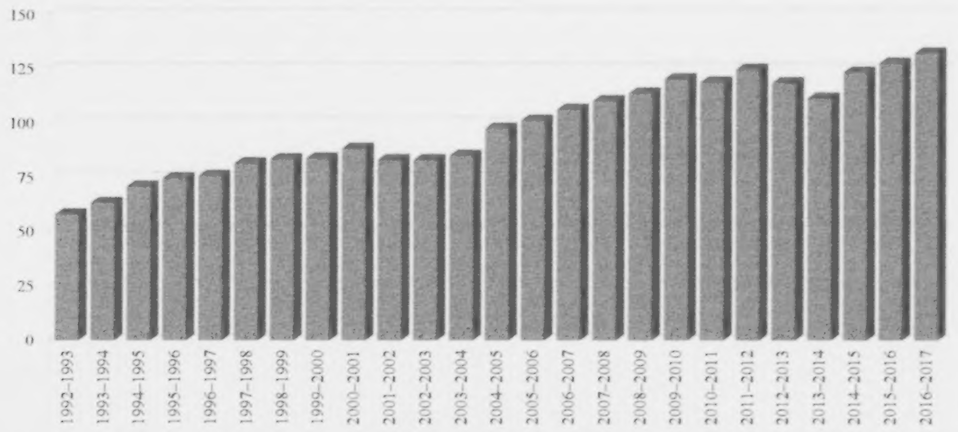
Deferred revenue decreased by $0.9 billion in 2016–2017, primarily reflecting the recognition of previously deferred revenue related to spectrum licence auctions and progress payments from foreign customers received by the Canadian Commercial Corporation.

Environmental liabilities and asset retirement obligations decreased by $0.7 billion in 2016–2017, reflecting remediation activities undertaken during the year, as well as downward revisions to estimated provisions for certain contaminated sites and Atomic Energy of Canada Limited's provision for decommissioning and waste management.

Liabilities for interest and matured debt decreased by $0.3 billion from the prior year, reflecting lower interest rates.

Accounts payable and accrued liabilities

(in billions of dollars)

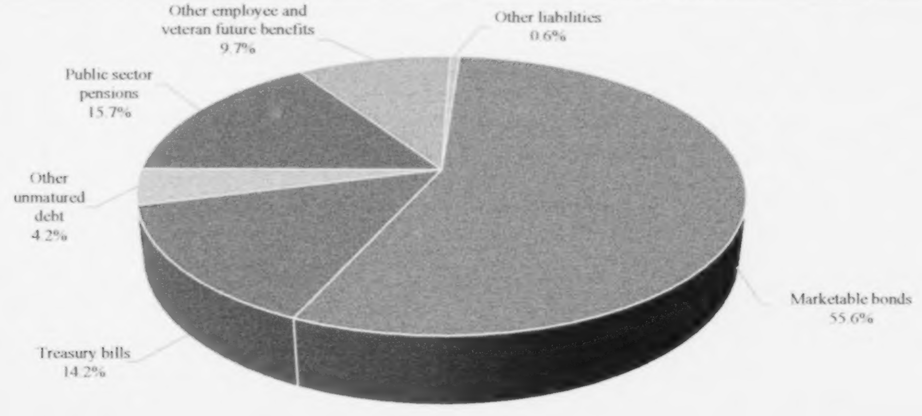


Interest-bearing debt

Interest-bearing debt includes unmatured debt, or debt issued on the credit markets, pension and other future benefit liabilities, and other liabilities. Unmatured debt, which includes fixed-coupon marketable bonds, Real Return Bonds, treasury bills, retail debt (Canada Savings Bonds and Canada Premium Bonds), foreign-currency-denominated debt, and obligations related to capital leases, amounted to 74.0 per cent of interest-bearing debt at March 31, 2017. Pension and other future benefit liabilities include obligations for: federal public sector pensions sponsored by the Government; disability and associated benefits available to war veterans, current and retired members of the Canadian Forces and the Royal Canadian Mounted Police, their survivors and dependants; health care and dental benefits available to retired employees and their dependants; accumulated sick leave entitlements; severance benefits; workers' compensation benefits; and other future benefits sponsored by some consolidated Crown corporations and other entities. Liabilities for public sector pensions made up 15.7 per cent of interest-bearing debt and other employee and veteran future benefits accounted for an additional 9.7 per cent of interest-bearing debt. The remaining 0.6 per cent of interest-bearing debt represents other interest-bearing liabilities of the Government, which include deposit and trust accounts and other specified purpose accounts.

The share of total interest-bearing debt represented by unmatured debt had been declining since the mid-1990s, as the Government was able to retire some of this debt. This trend reversed in 2008–2009 due to the increase in financial requirements stemming from the recession and stimulus measures introduced to mitigate its impacts, as well as an increase in borrowings under the consolidated borrowing framework introduced in 2008. Under the consolidated borrowing framework, the Government finances all of the borrowing needs of Canada Mortgage and Housing Corporation, the Business Development Bank of Canada and Farm Credit Canada through direct lending in order to reduce overall borrowing costs and improve the liquidity of the government securities market.

Interest-bearing debt by category for 2016–2017



At March 31, 2017, interest-bearing debt totalled $964.7 billion, up $33.0 billion from March 31, 2016. Within interest-bearing debt, unmatured debt increased by $25.4 billion, liabilities for pensions decreased by $0.4 billion, liabilities for other employee and veteran future benefits increased by $7.9 billion, and other liabilities increased by $0.1 billion.

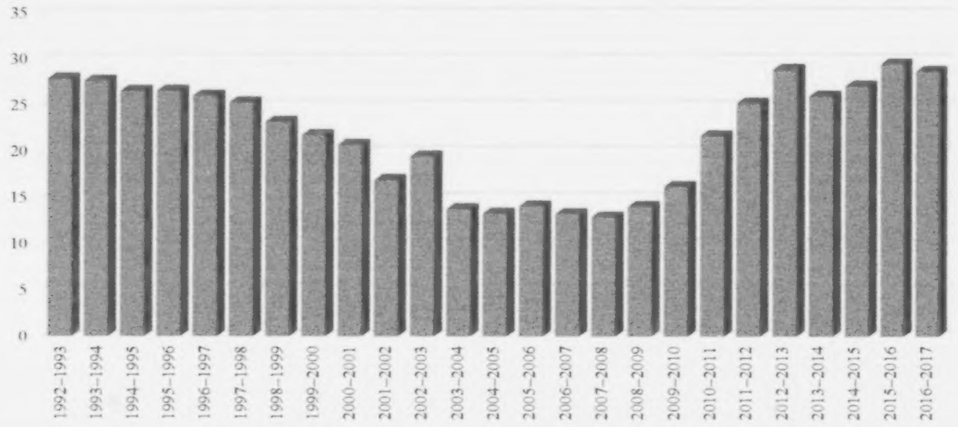
The $25.4-billion increase in unmatured debt is largely attributable to an increase in marketable bonds, reflecting increased borrowings to meet the financial needs of the Government.

The Bank of Canada and the Department of Finance Canada manage the Government's unmatured debt and associated risks. The fundamental objective of the debt management strategy is to provide stable, low-cost funding to meet the Government's financial obligations and liquidity needs. Details on the Government's debt management objectives and principles are tabled annually in Parliament through the Department of Finance Canada's *Debt Management Strategy*.

Foreign holdings of the Government's unmatured debt are estimated at $205.0 billion, representing approximately 28.7 per cent of the Government's total unmatured debt.

Foreign holdings of Government of Canada unmatured debt

(as a percentage of unmatured debt)



The Government's liabilities for pensions and other future benefits stood at $245.4 billion at March 31, 2017, up $7.5 billion from the prior year. These liabilities represent the estimated present value of pensions and other future benefits earned to March 31, 2017, by current and former employees, as measured annually on an actuarial basis, net of the value of assets set aside for funding purposes. Liabilities for pensions and other future benefits do not include benefits payable under the Canada Pension Plan (CPP). The CPP is not consolidated in the Government's financial statements because changes to the CPP require the agreement of two thirds of participating provinces and it is therefore not controlled by the Government. Further information regarding the CPP can be found in Section 6 of this volume.

The following table illustrates the change in the Government's liabilities for pensions and other future benefits, net of public sector pension assets, in 2016–2017.

Net pensions and other future benefit liabilities

(in millions of dollars)

	Pensions	Other future benefits	Total
Net future benefit liabilities at beginning of year	**150,588**	**85,681**	**236,269**
Add:			
Benefits earned during the year	6,865	5,350	12,215
Interest on accrued benefit obligations, net of the expected return on investments	6,699	2,783	9,482
Net actuarial losses recognized during the year	1,673	4,103	5,776
Plan amendments, curtailments and settlements[1]	(22)	421	399
	15,215	12,657	27,872
Deduct:			
Benefits paid during the year	11,297	4,695	15,992
Transfers to the PSPIB and funds held in external trusts[2]	3,795	1	3,796
Transfers to other plans and administrative expenses	805	74	879
	15,897	4,770	20,667
Net (decrease) increase	**(682)**	**7,887**	**7,205**
Net future benefit liabilities at end of year	**149,906**	**93,568**	**243,474**
Presented on the Consolidated Statement of Financial Position as:			
Public sector pension liabilities			151,806
Other employee and veteran future benefit liabilities			93,568
Total pension and other future benefit liabilities			245,374
Public sector pension assets			1,900
Net pensions and other future benefit liabilities			**243,474**

[1] Amounts shown include actuarial gains and losses recognized immediately upon plan amendments, settlements and curtailments.

[2] With respect to the Government's funded pension plans, amounts equal to employer and employee contributions or Government and member contributions less benefits and other payments are transferred to the Public Sector Pension Investment Board (PSPIB) for investment. Funds related to pension and other future benefit plans of consolidated Crown corporations and other entities are held in legally separate external trusts.

The increase in net liabilities for pensions and other future benefits in 2016–2017 reflects the addition of $12.2 billion in future benefits earned by employees during the year as well as $9.5 billion in net interest charges on the liabilities. Accounting standards require that liabilities due a long time into the future be recorded at their estimated present, or discounted, value. For the Government's funded pension benefits, which relate to post-March 2000 service under its three main pension plans—the public service, Canadian Forces–Regular Force, and Royal Canadian Mounted Police pension plans—as well as benefits under the Canadian Forces–Reserve Force pension plan, the discount rate is based on the streamed expected rates of return on invested funds. For benefits related to pre-April 2000 service under these main plans, as well as benefits under several smaller plans sponsored by the Government, which are unfunded, the discount rate is based on the streamed weighted average of long-term bond rates. For the Government's other future benefit plans, the discount rate reflects the expected long-term bond rate. Interest is recorded on the liabilities for pensions and other future benefits each year, net of the expected return on investments associated with funded benefits, to reflect the passage of time as the liabilities are one year closer to settlement. Net interest charges are recorded as part of public debt charges while benefits expense is recorded as part of other expenses on the Consolidated Statement of Operations and Accumulated Deficit. The Government is currently working on a project to update the methodology used to determine its discount rates for pensions and other future benefits. The recorded values of these benefit obligations are highly sensitive to changes in discount rates. The Government will report on the results of this project in future Public Accounts.

The Government's liabilities for pensions and other future benefits increased by an additional $5.8 billion in 2016–2017 due to the amortization of actuarial gains and losses. Actuarial gains and losses represent year-over-year increases or decreases in the estimated value of the Government's pension and other future benefit obligations and the value of related assets due to changes in actuarial assumptions or actual experience different from that previously estimated. Actuarial assumptions include future inflation, interest rates, return on investments, general wage increases, workforce composition, retirement rates and mortality rates. Under Canadian public sector accounting standards, which are set independently by the Public Sector Accounting Board, actuarial gains and losses are not recognized in the liabilities immediately but instead are amortized over the expected average remaining service life of plan contributors, which represents periods ranging from 4 to 23 years, according to the plan in question. As of March 31, 2017, the Government had net unamortized losses of $46.6 billion. These losses will be reflected over time in the liabilities and recorded as part of other expenses.

The Government also recorded a $0.4-billion increase in liabilities for pensions and other future benefits to reflect the net impact of plan amendments, curtailments and settlements during the year.

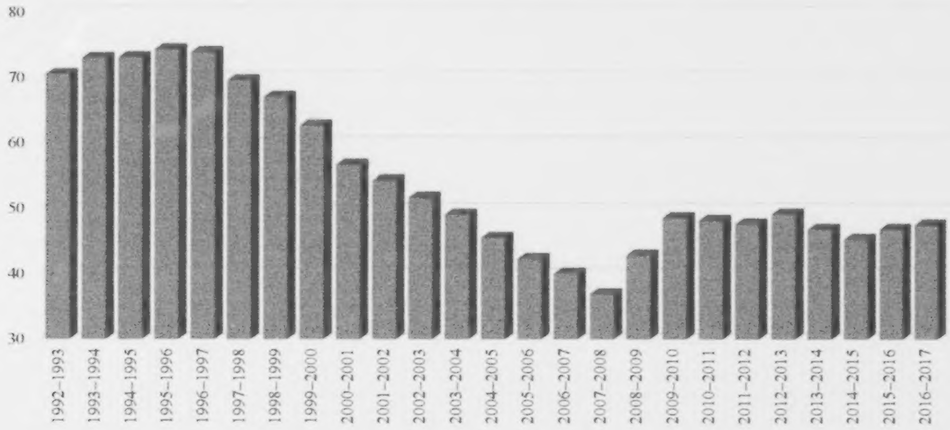
These increases were offset in part by reductions in the liabilities for benefits paid during the year ($16.0 billion) and for net transfers to the Public Sector Pension Investment Board and funds held in external trusts for investment ($3.8 billion).

Further details on the federal public sector pension plans and other employee and veteran future benefits are contained in Section 6 of this volume.

Interest-bearing debt stood at 47.6 per cent of GDP in 2016–2017, up from 46.9 per cent in 2015–2016. This ratio is down almost 27 percentage points from its high of 74.4 per cent in 1995–1996

Interest-bearing debt

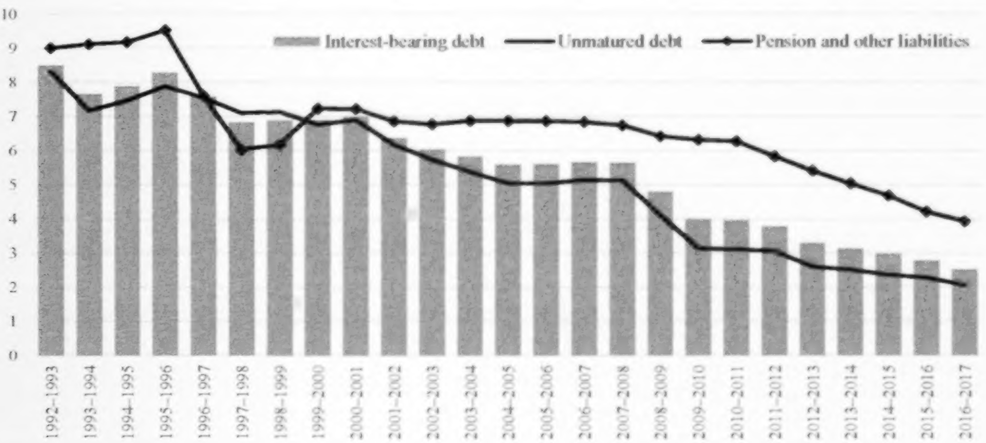
(as a percentage of GDP)



The average effective interest rate on the Government's interest-bearing debt in 2016–2017 was 2.5 per cent, down from 2.8 per cent in 2015–2016. The average effective interest rate on unmatured debt in 2016–2017 was 2.1 per cent, while the average effective interest rate on pension and other liabilities was 3.9 per cent. The average effective interest rate was higher on pension and other liabilities than on unmatured debt because the Government's unfunded pension liability is primarily credited with interest at rates that are calculated as though the amounts in the plans were invested in a notional portfolio of Government of Canada 20-year bonds held to maturity, whereas unmatured debt includes both short- and long-term securities.

Average effective interest rate on interest-bearing debt

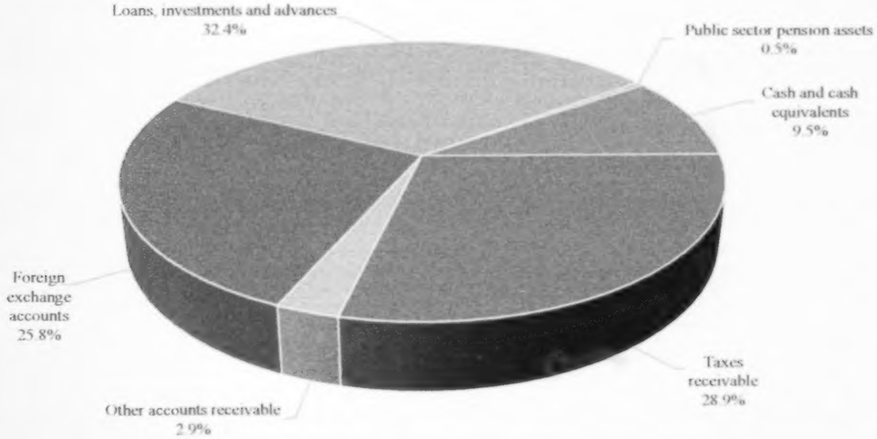
(in percentage)



Financial assets

Financial assets include cash on deposit with the Bank of Canada, chartered banks and other financial institutions, accounts receivable, foreign exchange accounts, loans, investments and advances, and public sector pension assets of consolidated Crown corporations and other entities. The Government's foreign exchange accounts include foreign currency deposits, investments in marketable securities, and subscriptions and loans to the International Monetary Fund. Proceeds of the Government's foreign currency borrowings are held in the Exchange Fund Account to provide foreign currency liquidity and provide funds needed to promote orderly conditions for the Canadian dollar in foreign exchange markets. Further details on the management of international reserves are available in the annual *Report on the Management of Canada's Official International Reserves*. The Government's loans, investments and advances include its investments in and loans to enterprise Crown corporations, loans to national governments mainly for financial assistance and development of export trade, and loans under the Canada Student Loans Program.

Financial assets by category for 2016–2017



At March 31, 2017, financial assets amounted to $382.8 billion, up $16.9 billion from March 31, 2016. The increase in financial assets reflects increases in cash and accounts receivable, foreign exchange accounts, and loans, investments and advances.

At March 31, 2017, cash and accounts receivable totalled $158.1 billion, up $3.4 billion from March 31, 2016. Within this component, cash and cash equivalents decreased by $2.1 billion. The balance of cash and cash equivalents includes $20 billion which has been designated as a deposit held with respect to prudential liquidity management. The Government's overall liquidity is maintained at a level sufficient to cover at least one month of net projected cash flows, including coupon payments and debt refinancing needs. Taxes receivable increased by $4.7 billion during 2016–2017 to $110.5 billion while other accounts receivable increased by $0.8 billion, largely due to growth in trade receivables of the Canadian Commercial Corporation.

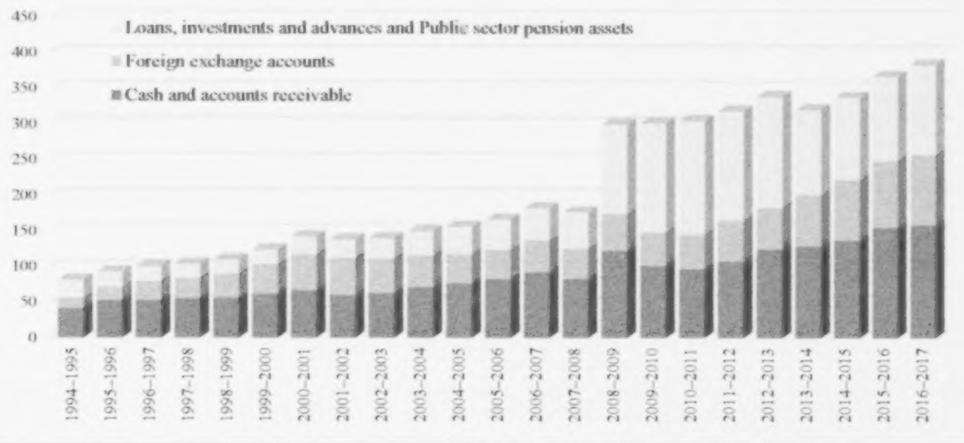
Foreign exchange accounts increased by $5.3 billion in 2016–2017, totalling $98.8 billion at March 31, 2017. The increase in foreign exchange accounts is due mainly to growth in foreign exchange reserves held in the Exchange Fund Account, primarily reflecting $3.3 billion in net additional advances to the Account during the year and the Account's $2.0-billion net income.

Loans, investments and advances in enterprise Crown corporations and other government business enterprises increased by $8.3 billion in 2016–2017. Net loans and advances increased by $3.7 billion, due mainly to an increase in loans to Crown corporations under the consolidated borrowing framework. Investments in enterprise Crown corporations and other government business enterprises increased by $4.6 billion, as the $4.9 billion in net profits and $1.9 billion in other comprehensive income recorded by these entities during 2016–2017 were partially offset by $2.2 billion in dividends paid to the Government and other equity transactions. Other loans, investments and advances decreased by $0.3 billion in 2016–2017, while public sector pension assets increased by $0.3 billion.

Since the accumulated deficit reached its post-World War II peak of 66.8 per cent of GDP at March 31, 1996, financial assets have increased by $290.1 billion, mainly reflecting higher levels of cash and cash equivalents and accounts receivable (up $105.5 billion), an increase in the foreign exchange accounts (up $79.7 billion), and an increase in loans, investments and advances (up $103.0 billion). The increase in cash and cash equivalents and accounts receivable is largely attributable to growth in taxes receivable, broadly in line with the growth in the applicable tax bases. The increase in the foreign exchange accounts reflects a decision by the Government in the late 1990s and more recently in the 2011–2012 *Debt Management Strategy* to increase liquidity in these accounts. The increase in loans, investments and advances is attributable to several factors including the accumulation of net profits from enterprise Crown corporations, the Government taking over the financing of the Canada Student Loans Program from the chartered banks in 2000, and the issuance of direct loans to Crown corporations under the Government's consolidated borrowing framework implemented in 2008.

Financial assets

(in billions of dollars)



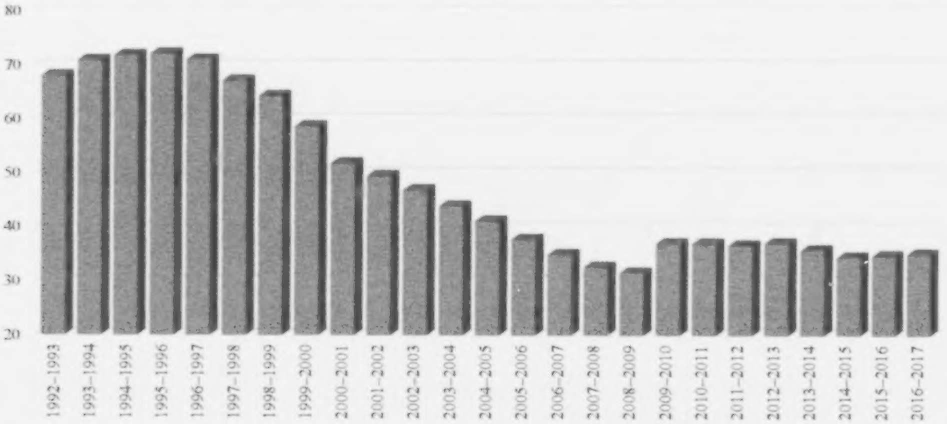
Net debt

The Government's net debt—its total liabilities less financial assets—stood at $714.5 billion at March 31, 2017. Net debt was 35.2 per cent of GDP, up 0.3 percentage points from a year earlier, and 37.0 percentage points below its peak of 72.2 per cent at March 31, 1996.

This ratio measures debt relative to the ability of the country's taxpayers to finance it. Total liabilities are reduced only by financial assets as non-financial assets cannot normally be converted to cash to pay off the debt without disrupting government operations.

Net debt

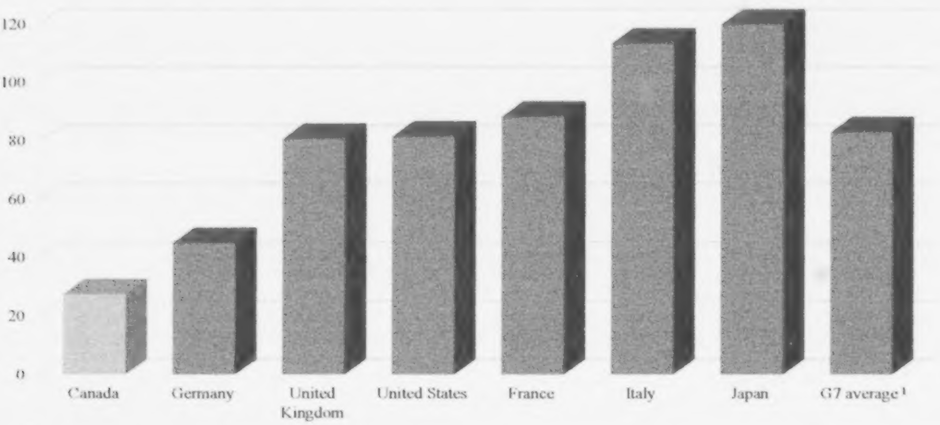
(as percentage of GDP)



Canada has the lowest total government net debt burden among G7 countries

G7 total government net debt, 2016

(as a percentage of GDP)



[1] Weighted by nominal GDP converted to U.S. dollars at average market exchange rates.

Source: International Monetary Fund, *Fiscal Monitor* (April 2017).

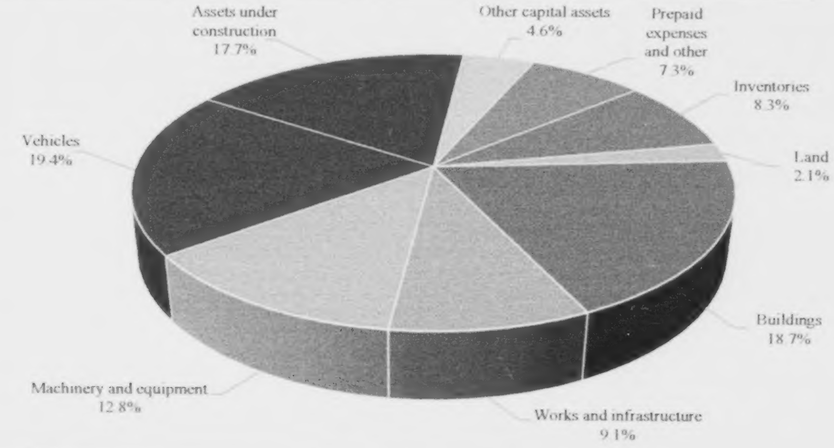
Jurisdictional responsibility (between central, state and local levels of government) for government programs differs among countries. As a result, international comparisons of government fiscal positions are undertaken on a total government, National Accounts, basis. For Canada, total government net debt includes that of the federal, provincial/territorial and local governments, as well as the net assets held in the Canada Pension Plan and Quebec Pension Plan.

Canada's total government net debt-to-GDP ratio stood at 27.6 per cent in 2016, according to the IMF. This is the lowest level among G7 countries, which the IMF estimates will record an average net debt of 83.0 per cent of GDP in that same year. This is in large part due to the holding of significant financial assets by federal and provincial governments as well as those held by the Canada Pension Plan and Quebec Pension Plan.

Non-financial assets

Non-financial assets include the net book value of the Government's tangible capital assets, which include land, buildings, works and infrastructure such as roads and bridges, machinery and equipment, ships, aircraft and other vehicles. Non-financial assets also include inventories and prepaid expenses and other non-financial assets.

Non-financial assets by category for 2016–2017

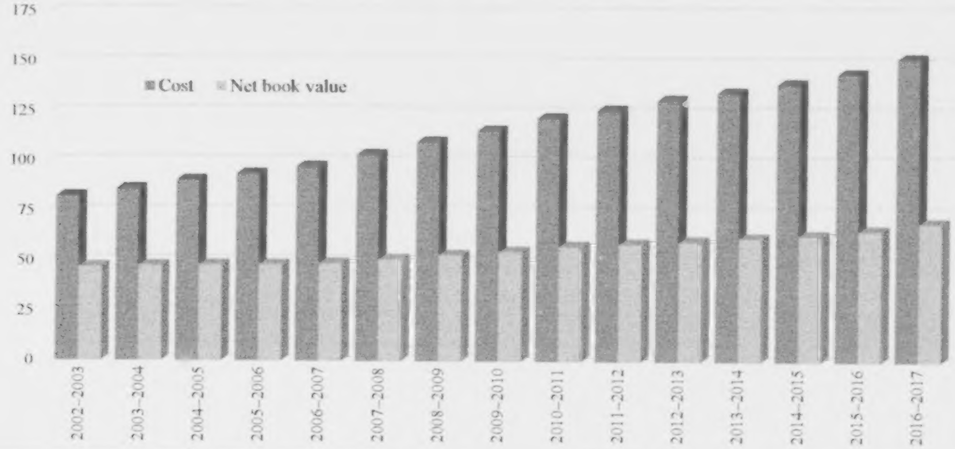


At March 31, 2017, non-financial assets stood at $82.6 billion, up $4.8 billion from a year earlier. Of this growth, $3.8 billion relates to an increase in tangible capital assets while $1.3 billion relates to an increase in prepaid expenses and other non-financial assets. This latter increase is due mainly to a net increase in progress payments and advances to Canadian exporters by the Canadian Commercial Corporation.

At March 31, 2017, 60.8 per cent of the original cost of the Government's depreciable tangible capital assets had been amortized, an increase of 0.4 per cent from a year earlier. Depreciable tangible capital assets exclude land, and assets under construction, which are not yet available for use.

Tangible capital asset cost

(in billions of dollars)



Cash flow

The annual surplus or deficit is presented on an accrual basis of accounting, recognizing revenue in the period it is earned and expenses when incurred, regardless of when the associated cash is received or paid. In contrast, the Government's net cash flow measures the difference between cash coming in to the Government and cash going out.

In 2016–2017, the Government had a total cash requirement of $27.1 billion before financing activities, compared to a total cash requirement of $16.4 billion before financing activities in 2015–2016. Operating activities resulted in a net cash requirement of $17.8 billion in 2016–2017, compared to a net cash requirement of $11.1 billion in 2015–2016. Cash used by capital investment activities resulted in net cash requirement of $1.9 billion in 2016–2017, compared to a net cash source of $1.5 billion in 2015–2016.

Cash flow

(in millions of dollars)

	2016–2017	2015–2016
Cash used by operating activities	(17,809)	(11,132)
Cash used by capital investment activities	(7,413)	(6,747)
Cash (used) provided by investing activities	(1,909)	1,528
Total cash used before financing activities	*(27,131)*	*(16,351)*
Cash provided by financing activities	25,061	19,922
Net (decrease) increase in cash and cash equivalents	(2,070)	3,571
Cash and cash equivalents at beginning of year	38,570	34,999
Cash and cash equivalents at end of year	36,500	38,570

Financing activities generated a $25.1-billion source of cash in 2016–2017, resulting in an overall net decrease in cash of $2.1 billion. The level of cash and cash equivalents stood at $36.5 billion at March 31, 2017.

Risks and uncertainties

The Government's financial results are subject to risks and uncertainties inherent in the nature of certain financial statement elements and government operations, including:

- outcomes from litigation, arbitration and negotiations with third parties, and the resolution of taxes under objection;
- identification and quantification of environmental liabilities;
- credit risk and foreign currency risk associated with the Government's financial assets, including loans, investments and advances and foreign exchange accounts;
- demand for public services and changes in other expenses, including pension expense, that reflect actual experience that is significantly different from forecast; and
- unforeseen situations such as natural catastrophes.

Exposure to measurement uncertainty from the use of accounting and other estimates in recording certain transactions is discussed in Note 1 of the consolidated financial statements of the Government of Canada in Section 2 of this volume. Further details with respect to the measurement of the Government's contingent liabilities and environmental liabilities are included in Note 6 and Note 7, respectively, of the consolidated financial statements of the Government of Canada. Note 17 of the consolidated financial statements provides information on instruments and strategies used by the Government to manage financial risks associated with its financial assets and liabilities.

As noted in the Budget and related documents, the Government's revenues and expenses are highly sensitive to changes in economic conditions—particularly to changes in economic growth, inflation and interest rates.

To illustrate the impact of changes in economic conditions, the Department of Finance Canada publishes, on a regular basis, sensitivity impacts on the budgetary balance. These are "rules of thumb" as the actual impact will depend on many other factors as well. As published in the March 22, 2017 Budget, these show, for example, that:

- A one-year, 1-percentage-point decrease in real GDP growth would lower the budgetary balance by $4.7 billion in the first year, $4.2 billion in the second year, and $4.6 billion in the fifth year.
- A one-year, 1-percentage-point decrease in GDP inflation would lower the budgetary balance by $2.1 billion in the first year, $1.8 billion in the second year, and $1.4 billion in the fifth year.
- A sustained 100-basis-point increase in interest rates would lower the budgetary balance by $0.9 billion in the first year, $1.8 billion in the second year, and $3.3 billion in the fifth year.

While these generalized rules of thumb provide good estimates of the sensitivity of the budgetary balance to small economic changes, it is important to note that some of the estimated relationships would change in response to large economic changes.

The Government manages risks to its fiscal projections due to changes in economic conditions by regularly surveying private sector economists on their views on the outlook for the Canadian economy and by monitoring its financial results on an ongoing basis to assess potential risks and guide its financial decisions.

The Government also prepares long-term economic and fiscal projections, which provide a broad analysis of its fiscal position, allowing the Government to respond more effectively to upcoming challenges and protect the long-term sustainability of public finances. The most recent version of these projections is available on the Department of Finance Canada's website.

Ten-year comparative financial information

The following tables provide a ten-year comparison of financial information based on the accounting policies explained in Note 1 to the audited consolidated financial statements in Section 2 of this volume.

Table 1.1

Government of Canada

Consolidated Statement of Operations and Accumulated Deficit—detailed

(in millions of dollars)

	Year ended March 31[1]									
	2008	2009	2010	2011	2012[3]	2013[2]	2014	2015	2016	2017
Revenues										
Tax revenues										
Income tax revenues										
Personal	113,528	116,612	105,040	114,661	120,537	125,728	130,811	135,743	144,897	143,680
Corporate	42,212	31,243	32,247	31,953	33,641	34,986	36,587	39,447	41,444	42,216
Non-resident	5,693	6,298	5,293	5,137	5,300	5,073	6,404	6,216	6,505	7,071
	161,433	*154,153*	*142,580*	*151,751*	*159,478*	*165,787*	*173,802*	*181,406*	*192,846*	*192,967*
Other taxes and duties										
Goods and services tax	29,920	25,740	26,947	28,379	28,370	28,821	30,998	31,349	32,952	34,368
Energy taxes	5,139	5,161	5,178	5,342	5,328	5,381	5,486	5,528	5,565	5,634
Customs import duties	3,903	4,036	3,490	3,520	3,862	3,979	4,239	4,581	5,372	5,478
Other excise taxes and duties	5,245	4,869	4,958	5,662	5,546	5,370	5,413	5,724	5,916	5,868
	44,207	*39,806*	*40,573*	*42,903*	*43,106*	*43,551*	*46,136*	*47,182*	*49,805*	*51,348*
Total tax revenues	***205,640***	***193,959***	***183,153***	***194,654***	***202,584***	***209,338***	***219,938***	***228,588***	***242,651***	***244,315***
Employment insurance premiums	***16,558***	***16,887***	***16,761***	***17,501***	***18,556***	***20,395***	***21,766***	***22,564***	***23,070***	***22,125***
Other revenues										
Enterprise Crown corporations and other government business enterprises	4,744	5,917	4,552	9,590	7,983	7,543	7,966	9,306	7,916	5,655
Other	16,711	18,787	15,990	17,286	18,315	17,857	20,325	20,533	19,494	19,267
Net foreign exchange	1,872	1,736	1,647	1,809	1,669	1,502	1,682	1,355	2,322	2,133
Total other revenues	***23,327***	***26,440***	***22,189***	***28,685***	***27,967***	***26,902***	***29,973***	***31,194***	***29,732***	***27,055***
Total revenues	**245,525**	**237,286**	**222,103**	**240,840**	**249,107**	**256,635**	**271,677**	**282,346**	**295,453**	**293,495**
Expenses										
Program expenses										
Transfer payments										
Old age security benefits, guaranteed income supplement and spouse's allowance	31,955	33,377	34,653	35,629	38,045	40,255	41,786	44,103	45,461	48,162
Major transfer payments to other levels of government										
Canada health transfer	21,474	22,759	24,820	26,031	27,174	28,912	30,543	32,114	34,025	36,057
Canada social transfer	9,872	10,568	10,858	11,179	11,514	11,860	12,215	12,582	12,959	13,348
Fiscal arrangements	11,850	12,164	13,490	13,826	15,259	15,595	15,610	16,271	16,893	17,145
Other major transfers	2,923	985	7,772	1,751	2,847	2,003	2,107	2,142	1,973	2,102
	46,119	*46,476*	*56,940*	*52,787*	*56,794*	*58,370*	*60,475*	*63,109*	*65,850*	*68,652*
Employment insurance	14,298	16,308	21,586	19,850	17,647	17,099	17,300	18,052	19,419	20,711
Children's benefits	11,894	11,901	12,340	12,656	12,726	12,975	13,136	14,303	18,025	22,065
Other transfer payments	31,269	34,793	45,949	43,155	37,720	34,862	36,698	35,126	34,874	41,580
Total transfer payments	***135,535***	***142,855***	***171,468***	***164,077***	***162,932***	***163,561***	***169,395***	***174,693***	***183,629***	***201,170***
Other expenses	**67,068**	**69,196**	**76,819**	**79,264**	**81,374**	**82,618**	**79,251**	**79,243**	**87,368**	**85,986**
Total program expenses	***202,603***	***212,051***	***248,287***	***243,341***	***244,306***	***246,179***	***248,646***	***253,936***	***270,997***	***287,156***
Public debt charges	***33,325***	***30,990***	***29,414***	***30,871***	***31,080***	***28,871***	***28,181***	***26,499***	***25,443***	***24,109***
Total expenses	**235,928**	**243,041**	**277,701**	**274,212**	**275,386**	**275,050**	**276,827**	**280,435**	**296,440**	**311,265**
Annual (deficit) surplus	**9,597**	**(5,755)**	**(55,598)**	**(33,372)**	**(26,279)**	**(18,415)**	**(5,150)**	**1,911**	**(987)**	**(17,770)**
Accumulated deficit at beginning of year	**(467,268)**	**(457,637)**	**(463,710)**	**(519,097)**	**(551,668)**	**(591,040)**	**(609,391)**	**(611,881)**	**(612,330)**	**(615,986)**
International Financial Reporting Standards (IFRS) transition adjustment	–	–	–	–	**(3,337)**	–	–	–	–	–
Other comprehensive income (loss)	**34**	**(318)**	**211**	**2,142**	**(2,292)**	**64**	**2,660**	**(2,360)**	**(2,669)**	**1,857**
Accumulated deficit at end of year	**(457,637)**	**(463,710)**	**(519,097)**	**(550,327)**	**(583,576)**	**(609,391)**	**(611,881)**	**(612,330)**	**(615,986)**	**(631,899)**

[1] Certain comparative figures have been reclassified to conform to the current year's presentation.

[2] The 2013 accumulated deficit at beginning of year has been adjusted to include the restatement amount of $5,669 million and $1,795 million for the buy-back of bonds and the loans expected to be repaid from future appropriations done in the course of the fiscal year 2013–2014.

[3] The 2012 accumulated deficit at beginning of year has been adjusted to include the restatement amount of $1,341 million for accumulated sick leave entitlements that was done in the course of the fiscal year 2012–2013.

Table 1.2
Government of Canada
Consolidated Statement of Financial Position—detailed

(in millions of dollars)

	As at March 31[1]									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Liabilities										
Accounts payable and accrued liabilities										
Amounts payable to taxpayers	49,010	50,845	48,251	48,648	50,952	54,877	52,600	56,198	53,697	55,077
Other accounts payable and accrued liabilities	32,138	31,401	40,311	38,246	42,342	31,480	27,120	28,792	33,232	34,431
Provision for contingent liabilities	13,739	12,657	13,214	12,900	12,804	12,262	11,135	11,757	12,562	16,511
Environmental liabilities and asset retirement obligations	6,669	6,342	6,602	7,745	8,362	10,600	11,143	12,296	13,282	12,599
Deferred revenue	1,725	5,835	5,294	4,788	4,164	3,570	4,147	9,348	10,158	9,238
Interest and matured debt	7,182	6,919	6,853	6,733	6,379	5,955	5,585	5,240	4,922	4,663
Total accounts payable and accrued liabilities	***110,463***	***113,999***	***120,525***	***119,060***	***125,003***	***118,744***	***111,730***	***123,631***	***127,853***	***132,519***
Interest-bearing debt										
Unmatured debt										
Payable in Canadian currency										
Marketable bonds	253,550	295,186	367,962	416,080	448,140	469,039	473,319	487,881	504,068	536,280
Treasury bills	116,936	192,275	175,849	162,980	163,221	180,689	152,990	135,692	138,100	136,700
Retail debt	13,068	12,532	11,855	10,141	8,922	7,481	6,327	5,660	5,076	4,533
Bonds for Canada Pension Plan	1,042	523	452	27	11	—	—	—	—	—
	384,596	*500,516*	*556,118*	*589,228*	*620,294*	*657,209*	*632,636*	*629,233*	*647,244*	*677,513*
Payable in foreign currencies	9,498	10,381	8,243	7,628	10,715	10,802	16,030	20,267	22,482	17,609
Cross-currency swap revaluation	(1,420)	3,690	(4,233)	(5,091)	(4,448)	(3,419)	2,326	6,669	8,391	7,764
Unamortized discounts and premiums on market debt	(6,213)	(4,751)	(5,092)	(4,485)	(4,295)	3,231	3,184	4,296	5,047	5,322
Obligation related to capital leases	4,236	4,184	4,090	3,685	3,633	3,647	3,603	3,710	3,477	3,226
Other unmatured debt	—	—	—	190	453	917	1,179	1,005	1,570	2,199
Total unmatured debt	*390,697*	*514,020*	*559,126*	*591,155*	*626,352*	*672,387*	*658,958*	*665,180*	*688,211*	*713,633*
Pensions and other future benefits										
Public sector pensions	137,371	139,909	142,843	146,135	148,911	151,667	153,162	152,664	152,227	151,806
Other employee and veteran future benefits	47,901	50,311	54,227	58,206	61,915	67,301	71,959	76,140	85,681	93,568
Total pensions and other future benefits	*185,272*	*190,220*	*197,070*	*204,341*	*210,826*	*218,968*	*225,121*	*228,804*	*237,908*	*245,374*
Due to Canada Pension Plan	106	90	175	23	138	68	140	212	35	106
Other liabilities	5,789	5,833	6,412	6,292	6,795	5,978	5,774	5,790	5,567	5,583
Total interest-bearing debt	***581,864***	***710,163***	***762,783***	***801,811***	***844,111***	***897,401***	***889,993***	***899,986***	***931,721***	***964,696***
Total liabilities	**692,327**	**824,162**	**883,308**	**920,871**	**969,114**	**1,016,145**	**1,001,723**	**1,023,617**	**1,059,574**	**1,097,215**
Financial assets										
Cash and accounts receivable										
Cash and cash equivalents	13,729	46,985	28,450	14,323	17,143	27,341	31,429	34,999	38,570	36,500
Taxes receivable	65,902	71,911	69,063	78,626	86,006	92,115	92,489	98,499	105,848	110,514
Other accounts receivable	3,247	3,251	3,692	3,958	4,513	4,698	4,656	3,198	10,270	11,041
Total cash and accounts receivable	***82,878***	***122,147***	***101,205***	***96,907***	***107,662***	***124,154***	***128,574***	***136,696***	***154,688***	***158,055***
Foreign exchange accounts										
International reserves held in the Exchange Fund Account	42,904	51,194	53,701	54,041	62,141	63,381	77,365	91,961	101,379	106,668
International Monetary Fund—Subscriptions	10,752	12,011	9,823	9,792	9,842	9,694	10,883	11,129	20,170	19,892
International Monetary Fund—Loans	—	—	337	1,139	1,325	1,457	1,665	1,353	1,278	1,125
Less: International Monetary Fund—Notes payable and special drawing rights allocations	11,357	11,496	16,911	16,465	16,311	15,773	17,651	19,425	29,288	28,888
Total foreign exchange accounts	***42,299***	***51,709***	***46,950***	***48,507***	***56,997***	***58,759***	***72,262***	***85,018***	***93,539***	***98,797***
Loans, investments and advances										
Enterprise Crown corporations and other government business enterprises	30,167	104,049	129,523	135,673	130,662	131,785	94,815	89,375	91,116	99,427
Other loans, investments and advances	20,702	21,044	23,158	22,876	22,258	23,134	22,820	24,306	24,841	24,579
Total loans, investments and advances	***50,869***	***125,093***	***152,681***	***158,549***	***152,920***	***154,919***	***117,635***	***113,681***	***115,957***	***124,006***
Public sector pension assets	–	–	–	–	–	–	***938***	***1,263***	***1,639***	***1,900***
Total financial assets	**176,046**	**298,949**	**300,836**	**303,963**	**317,579**	**337,832**	**319,409**	**336,658**	**365,823**	**382,758**
Net Debt	**(516,281)**	**(525,213)**	**(582,472)**	**(616,908)**	**(651,535)**	**(678,313)**	**(682,314)**	**(686,959)**	**(693,751)**	**(714,457)**
Non-financial assets										
Tangible capital assets	51,175	53,326	55,054	57,668	59,047	60,241	61,942	63,347	65,838	69,676
Inventories	6,248	6,348	6,192	6,830	6,996	7,453	7,316	7,250	7,221	6,842
Prepaid expenses and other	1,221	1,829	2,129	2,083	1,916	1,228	1,175	4,032	4,706	6,040
Total non-financial assets	**58,644**	**61,503**	**63,375**	**66,581**	**67,959**	**68,922**	**70,433**	**74,629**	**77,765**	**82,558**
Accumulated deficit	**(457,637)**	**(463,710)**	**(519,097)**	**(550,327)**	**(583,576)**	**(609,391)**	**(611,881)**	**(612,330)**	**(615,986)**	**(631,899)**

[1] Certain comparative figures have been reclassified to conform to the current year's presentation.

Table 1.3
Government of Canada
Consolidated Statement of Change in Net Debt—detailed

(in millions of dollars)

	Year ended March 31									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net debt at beginning of year—as previously reported	**(523,905)**	**(516,281)**	**(525,213)**	**(582,472)**	**(616,908)**	**(650,135)**	**(671,363)**	**(682,314)**	**(686,959)**	**(693,751)**
Accounting changes and restatement										
Accumulated sick leave entitlements	–	–	–	–	(1,341)	(1,400)	–	–	–	–
Unamortized premiums and discounts on the buy-back of bonds	–	–	–	–	–	(5,669)	(5,387)	–	–	–
Loans expected to be repaid from future appropriations	–	–	–	–	–	(1,795)	(1,563)	–	–	–
Net debt at beginning of year—as restated	**(523,905)**	**(516,281)**	**(525,213)**	**(582,472)**	**(618,249)**	**(658,999)**	**(678,313)**	**(682,314)**	**(686,959)**	**(693,751)**
International Financial Reporting Standards (IFRS) transition adjustment	–	–	–	–	**(3,337)**	–	–	–	–	–
Change in net debt during the year										
Annual (deficit) surplus	**9,597**	**(5,755)**	**(55,598)**	**(33,372)**	**(26,279)**	**(18,415)**	**(5,150)**	**1,911**	**(987)**	**(17,770)**
Change due to tangible capital assets										
Acquisition of tangible capital assets	(5,957)	(6,249)	(7,136)	(8,061)	(6,976)	(7,175)	(7,129)	(7,204)	(8,015)	(8,547)
Amortization of tangible capital assets	3,954	4,176	4,418	4,756	4,859	5,184	4,865	5,090	5,049	5,168
Proceeds from disposal of tangible capital assets	440	608	297	447	664	407	875	954	632	421
Net (gain) loss on disposal of tangible capital assets, including adjustments	(576)	(686)	693	244	74	390	(312)	(245)	(157)	(880)
Total change due to tangible capital assets	*(2,139)*	*(2,151)*	*(1,728)*	*(2,614)*	*(1,379)*	*(1,194)*	*(1,701)*	*(1,405)*	*(2,491)*	*(3,838)*
Change due to inventories	**(260)**	**(100)**	**156**	**(638)**	**(166)**	**(457)**	**137**	**66**	**29**	**379**
Change due to prepaid expenses	**392**	**(608)**	**(300)**	**46**	**167**	**688**	**53**	**(2,857)**	**(674)**	**(1,334)**
Net (increase) decrease in net debt due to operations	**7,590**	**(8,614)**	**(57,470)**	**(36,578)**	**(27,657)**	**(19,378)**	**(6,661)**	**(2,285)**	**(4,123)**	**(22,563)**
Other comprehensive income (loss)	**34**	**(318)**	**211**	**2,142**	**(2,292)**	**64**	**2,660**	**(2,360)**	**(2,669)**	**1,857**
Net (increase) decrease in net debt	**7,624**	**(8,932)**	**(57,259)**	**(34,436)**	**(29,949)**	**(19,314)**	**(4,001)**	**(4,645)**	**(6,792)**	**(20,706)**
Net debt at end of year	**(516,281)**	**(525,213)**	**(582,472)**	**(616,908)**	**(651,535)**	**(678,313)**	**(682,314)**	**(686,959)**	**(693,751)**	**(714,457)**

Table 1.4

Government of Canada

Consolidated Statement of Cash Flow—detailed

(in millions of dollars)

	Year ended March 31									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating activities										
Annual (deficit) surplus	**9,597**	**(5,755)**	**(55,598)**	**(33,372)**	**(26,279)**	**(18,415)**	**(5,150)**	**1,911**	**(987)**	**(17,770)**
Non-cash items										
Share of annual profit in enterprise Crown corporations and other government business enterprises	(4,256)	(4,773)	(2,306)	(6,992)	(5,350)	(4,995)	(5,945)	(8,365)	(7,316)	(4,920)
Amortization of tangible capital assets	3,954	4,176	4,418	4,756	4,859	5,184	4,865	5,090	5,049	5,168
Net (gain) loss on disposal of tangible capital assets, including adjustments	(576)	(686)	693	244	74	390	(312)	(245)	(157)	(880)
Cross-currency swap revaluation	(329)	5,110	(7,923)	(858)	643	1,029	5,745	4,343	1,722	(627)
Change in taxes receivable	590	(6,009)	2,848	(9,563)	(7,380)	(6,109)	(374)	(6,010)	(7,349)	(4,666)
Change in pensions and other future benefits	5,423	4,948	6,850	7,271	5,144	8,142	5,215	3,358	8,728	7,205
Change in foreign exchange accounts	1,879	(9,410)	4,759	(1,557)	(8,490)	(1,762)	(13,503)	(12,756)	(8,521)	(5,258)
Change in accounts payable and accrued liabilities	3,952	3,536	6,434	(1,603)	5,635	(6,565)	(6,764)	10,855	2,739	3,120
Change in cash collateral pledged to counterparties	—	—	—	—	—	—	—	—	(6,557)	(316)
Net change in other accounts	1,797	2,752	2,373	9	2,152	1,481	1,703	1,716	1,517	1,135
Cash (used) provided by operating activities	**22,031**	**(6,111)**	**(37,452)**	**(41,665)**	**(28,992)**	**(21,620)**	**(14,520)**	**(103)**	**(11,132)**	**(17,809)**
Capital investment activities										
Acquisition of tangible capital assets	(5,957)	(6,249)	(7,136)	(8,061)	(6,976)	(7,175)	(7,129)	(6,804)	(7,379)	(7,834)
Proceeds from disposal of tangible capital assets	440	608	297	447	664	407	875	954	632	421
Cash used by capital investment activities	**(5,517)**	**(5,641)**	**(6,839)**	**(7,614)**	**(6,312)**	**(6,768)**	**(6,254)**	**(5,850)**	**(6,747)**	**(7,413)**
Investing activities										
Enterprise Crown corporations and other government business enterprises										
Equity transactions	2,436	1,495	(3,226)	2,818	2,684	1,445	5,165	3,514	4,975	2,195
Issuance of loans and advances	(5,052)	(132,057)	(119,755)	(76,579)	(63,389)	(65,183)	(70,328)	(79,905)	(54,542)	(52,213)
Repayment of loans and advances	435	60,688	99,921	76,677	65,286	66,156	110,259	88,168	52,699	48,703
Issuance of other loans, investments and advances	(6,571)	(6,910)	(21,174)	(5,858)	(7,679)	(5,533)	(5,525)	(8,124)	(7,749)	(6,104)
Repayment of other loans, investments and advances	6,883	5,041	16,620	5,814	6,858	4,221	4,418	5,503	6,145	5,510
Cash (used) provided by investing activities	**(1,869)**	**(71,743)**	**(27,614)**	**2,872**	**3,760**	**1,106**	**43,989**	**9,156**	**1,528**	**(1,909)**
Total cash (used) generated before financing activities	**14,645**	**(83,495)**	**(71,905)**	**(46,407)**	**(31,544)**	**(27,282)**	**23,215**	**3,203**	**(16,351)**	**(27,131)**
Financing activities										
Issuance of Canadian currency borrowings	343,755	531,668	554,892	553,464	567,707	579,456	512,009	468,021	452,850	507,483
Repayment of Canadian currency borrowings	(366,493)	(415,801)	(499,383)	(520,569)	(536,430)	(542,063)	(536,364)	(471,891)	(435,143)	(477,549)
Issuance of foreign currency borrowings	11,099	24,500	22,212	8,195	12,743	7,782	12,011	16,961	26,817	21,702
Repayment of foreign currency borrowings	(11,973)	(23,616)	(24,351)	(8,810)	(9,656)	(7,695)	(6,783)	(12,724)	(24,602)	(26,575)
Cash provided (used) by financing activities	**(23,612)**	**116,751**	**53,370**	**32,280**	**34,364**	**37,480**	**(19,127)**	**367**	**19,922**	**25,061**
Net (decrease) increase in cash and cash equivalents	**(8,967)**	**33,256**	**(18,535)**	**(14,127)**	**2,820**	**10,198**	**4,088**	**3,570**	**3,571**	**(2,070)**
Cash and cash equivalents at beginning of year	**22,696**	**13,729**	**46,985**	**28,450**	**14,323**	**17,143**	**27,341**	**31,429**	**34,999**	**38,570**
Cash and cash equivalents at end of year	**13,729**	**46,985**	**28,450**	**14,323**	**17,143**	**27,341**	**31,429**	**34,999**	**38,570**	**36,500**

Table 1.5
Government of Canada
Consolidated Statement of Non-Budgetary Transactions and of Non-Financial Assets—detailed

(in millions of dollars)

	Year ended March 31									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Loans, investments and advances										
Enterprise Crown corporations and other government business enterprises										
Loans and advances										
Canada Mortgage and Housing Corporation	258	(57,470)	(10,399)	2,693	2,974	3,472	41,951	10,465	177	720
Business Development Bank of Canada	(1,000)	(6,284)	(4,961)	(978)	662	(653)	(1,106)	(1,356)	(1,266)	(1,869)
Farm Credit Canada	(3,840)	(7,610)	(4,481)	(1,627)	(1,768)	(1,848)	(855)	(662)	(747)	(2,246)
Other	(35)	(5)	7	10	29	2	(59)	(185)	(7)	(115)
	(4,617)	*(71,369)*	*(19,834)*	*98*	*1,897*	*973*	*39,931*	*8,262*	*(1,843)*	*(3,510)*
Investments										
Share of annual profit	(4,256)	(4,773)	(2,306)	(6,992)	(5,350)	(4,995)	(5,945)	(8,365)	(7,316)	(4,920)
Other comprehensive (income) loss	(34)	318	(211)	(2,142)	2,292	(64)	(2,660)	2,360	2,669	(1,857)
Dividends	2,436	2,095	1,391	2,818	2,028	1,445	5,215	2,341	4,002	2,320
Capital	—	(600)	(4,617)	—	656		(50)	1,030	973	(125)
Transition adjustment and other	—	—	—	—	3,337	—	—	143	—	—
	(1,854)	*(2,960)*	*(5,743)*	*(6,316)*	*2,963*	*(3,614)*	*(3,440)*	*(2,491)*	*328*	*(4,582)*
Total	(6,471)	(74,329)	(25,577)	(6,218)	4,860	(2,641)	36,491	5,771	(1,515)	(8,092)
Less:										
Loans expected to be repaid from future appropriations	32	(473)	(103)	(64)	(119)	(1,519)	(480)	353	221	218
Unamortized discounts and premiums	(19)	26	—	(4)	(32)	—	1	(22)	5	1
Total	(6,484)	(73,882)	(25,474)	(6,150)	5,011	(1,122)	36,970	5,440	(1,741)	(8,311)
Other loans, investments and advances										
Portfolio investments	—	6	2	—	12	5	—	10	5	—
National governments, including developing countries	143	(182)	235	69	40	18	(7)	(606)	22	(49)
International organizations	(321)	(905)	(454)	(826)	(704)	(885)	(900)	(1,039)	(972)	(703)
Provincial and territorial governments	899	217	590	257	(849)	803	849	765	693	126
Other loans, investments and advances	(410)	(1,005)	(4,926)	456	680	(1,254)	(1,049)	(1,751)	(1,352)	32
Total	311	(1,869)	(4,553)	(44)	(821)	(1,313)	(1,107)	(2,621)	(1,604)	(594)
Less: allowance for valuation	(398)	(1,527)	(2,440)	(326)	(1,439)	(436)	(1,421)	(1,135)	(1,069)	(856)
Total	709	(342)	(2,113)	282	618	(877)	314	(1,486)	(535)	262
Total loans, investments and advances	**(5,775)**	**(74,224)**	**(27,587)**	**(5,868)**	**5,629**	**(1,999)**	**37,284**	**3,954**	**(2,276)**	**(8,049)**
Pensions and other future benefits										
Public sector pensions	2,645	2,538	2,934	3,292	2,776	2,757	557	(823)	(813)	(682)
Other employee and veteran future benefits	2,778	2,410	3,916	3,979	3,707	5,386	4,658	4,181	9,541	7,887
Total pensions and other future benefits	**5,423**	**4,948**	**6,850**	**7,271**	**6,483**	**8,143**	**5,215**	**3,358**	**8,728**	**7,205**
Other liabilities										
Due to Canada Pension Plan	52	(16)	85	(152)	115	(70)	72	72	(177)	71
Other liabilities	632	44	579	(120)	503	(817)	(204)	16	(223)	16
Total other liabilities	**684**	**28**	**664**	**(272)**	**618**	**(887)**	**(132)**	**88**	**(400)**	**87**
Non-financial assets										
Tangible capital assets	(2,139)	(2,152)	(1,728)	(2,614)	(1,379)	(1,194)	(1,701)	(1,405)	(2,491)	(3,838)
Inventories	(260)	(100)	156	(638)	(166)	(458)	137	66	29	379
Prepaid expenses and other	392	(608)	(300)	46	167	688	53	(2,857)	(674)	(1,334)
Total non-financial assets	**(2,007)**	**(2,860)**	**(1,872)**	**(3,206)**	**(1,378)**	**(964)**	**(1,511)**	**(4,196)**	**(3,136)**	**(4,793)**
Other transactions										
Taxes receivable	590	(6,009)	2,848	(9,563)	(7,380)	(6,109)	(374)	(6,010)	(7,349)	(4,666)
Other accounts receivable	151	(3)	(441)	(266)	(555)	(185)	42	1,458	(7,072)	(771)
Provincial, Territorial and Aboriginal Tax Agreements Account	(1,311)	(168)	1,438	241	2,688	(7,130)	(1,584)	951	2,780	(1,942)
Amounts payable to taxpayers	7,622	1,835	(2,594)	397	2,304	3,925	(2,277)	3,598	(2,501)	1,380
Other liabilities	(2,359)	1,869	7,682	(2,103)	951	(3,054)	(3,153)	7,352	3,942	5,228
Total other transactions	**4,693**	**(2,476)**	**8,933**	**(11,294)**	**(1,992)**	**(12,553)**	**(7,346)**	**7,349**	**(10,200)**	**(771)**
Total non-budgetary transactions and non-financial assets	**3,018**	**(74,584)**	**(13,012)**	**(13,369)**	**9,360**	**(8,260)**	**33,510**	**10,553**	**(7,284)**	**(6,321)**

Table 1.6

Government of Canada

Consolidated Statement of Foreign Exchange, Unmatured Debt and Cash Transactions—detailed

(in millions of dollars)

	Year ended March 31									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Foreign exchange accounts										
International reserves held in the Exchange Fund Account	1,769	(8,290)	(2,507)	(340)	(8,100)	(1,240)	(13,984)	(14,596)	(9,418)	(5,289)
International Monetary Fund—Subscriptions	354	(1,259)	2,188	31	(50)	148	(1,189)	(246)	(9,041)	278
International Monetary Fund—Loans	—	—	(337)	(802)	(186)	(132)	(208)	312	75	153
	2,123	*(9,549)*	*(656)*	*(1,111)*	*(8,336)*	*(1,224)*	*(15,381)*	*(14,530)*	*(18,384)*	*(4,858)*
Less: International Monetary Fund										
Special drawing rights allocations	43	(154)	(7,766)	30	(48)	139	(1,118)	(231)	(493)	150
Notes payable	201	14	2,351	416	202	398	(760)	(1,543)	(9,370)	250
	244	*(140)*	*(5,415)*	*446*	*154*	*537*	*(1,878)*	*(1,774)*	*(9,863)*	*400*
Total foreign exchange accounts	**1,879**	**(9,409)**	**4,759**	**(1,557)**	**(8,490)**	**(1,761)**	**(13,503)**	**(12,756)**	**(8,521)**	**(5,258)**
Unmatured debt										
Payable in Canadian currency										
Marketable bonds	(3,932)	41,636	72,776	48,118	32,060	20,899	4,280	14,562	16,187	32,212
Treasury bills	(17,138)	75,339	(16,426)	(12,869)	241	17,468	(27,699)	(17,298)	2,408	(1,400)
Retail debt	(2,107)	(537)	(677)	(1,714)	(1,219)	(1,441)	(1,154)	(667)	(584)	(543)
Bonds for Canada Pension Plan	(700)	(519)	(71)	(425)	(16)	(11)	—	—	—	—
	(23,877)	*115,919*	*55,602*	*33,110*	*31,066*	*36,915*	*(24,573)*	*(3,403)*	*18,011*	*30,269*
Payable in foreign currencies	(875)	883	(2,138)	(615)	3,087	87	5,228	4,237	2,215	(4,873)
Cross-currency swap revaluation	(329)	5,110	(7,923)	(858)	643	1,029	5,745	4,343	1,722	(627)
Unamortized discounts and premiums on market debt	446	1,462	(341)	607	190	7,526	(47)	1,112	751	275
Obligation related to capital leases	1,140	(51)	(94)	(405)	(52)	13	(44)	107	(233)	(251)
Other unmatured debt	—	—	—	190	263	464	262	(174)	565	629
Total unmatured debt	**(23,495)**	**123,323**	**45,106**	**32,029**	**35,197**	**46,034**	**(13,429)**	**6,222**	**23,031**	**25,422**
Cash and cash equivalents at end of year										
In Canadian currency	13,733	46,989	28,124	13,902	16,493	27,130	31,415	34,716	36,022	35,353
In foreign currencies	(4)	(4)	326	421	650	211	14	283	2,548	1,147
Total cash and cash equivalents	**13,729**	**46,985**	**28,450**	**14,323**	**17,143**	**27,341**	**31,429**	**34,999**	**38,570**	**36,500**

Glossary of terms

The following terms are used in this section and throughout the consolidated financial statements in Section 2 of this volume. The definitions are taken from the following primary sources:

- TERMIUM at www.btb.termiumplus.gc.ca
- The *CPA Canada Public Sector Accounting Handbook*
- Glossary of frequently-used terms, Finance Canada

Accounts of Canada
The centralized record of the financial transactions of the Government of Canada, maintained by the Receiver General. The accounts of Canada summarize revenues, expenses, assets and liabilities transactions.

Accrued benefit obligation
The value of future benefits attributed to services rendered by employees and former employees to the accounting date.

Accumulated deficit
The accumulated net total of all past federal deficits and surpluses since Confederation plus accumulated other comprehensive income. The accumulated deficit is also equal to total liabilities less total assets – both financial and non-financial.

Actuarial valuation for accounting purposes
An assessment of the financial status of a benefit plan. It consists of the valuation of assets held to discharge the benefit liability and calculation of the actuarial present value of benefits to be paid under the plan. The valuation measures the obligations and attributes the costs of the benefits to the period; it also determines any gains or losses since the last valuation.

Allowance
Estimated potential losses on the realization of government financial claims or estimated financial obligations that would not otherwise be recorded in the financial statements.

Appropriation
Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

Capital lease
A lease that, from the point of view of the lessee, transfers substantially all the benefits and risks incident to ownership of property to the lessee.

Consolidated Revenue Fund
The aggregate of all public moneys that are on deposit at the credit of the Receiver General for Canada.

Consumer Price Index (CPI)
A measure of price changes produced by Statistics Canada on a monthly basis. The CPI measures the retail prices of a "shopping basket" of about 300 goods and services including food, housing, transportation, clothing and recreation. The index is "weighted", meaning that it gives greater importance to price changes for some products than others – more to housing, for example, than to entertainment – in an effort to reflect typical spending patterns. Increases in the CPI are also referred to as increases in the cost of living.

Contingent liability
A potential debt which may become an actual financial obligation if certain events occur or fail to occur.

Contractual obligation
A written obligation to outside organizations or individuals as a result of a contract.

Deficit
The amount by which government expenses exceed revenue in any given year.

Defined benefit pension plan
A plan that specifies either the benefits to be received by employees after retirement or the method for determining those benefits.

Enterprise Crown corporation
A corporation which is not dependent on parliamentary appropriations and whose principal activity and source of revenues are the sale of goods or services to outside parties. An enterprise Crown corporation is ultimately accountable to Parliament, through a minister of the Crown, for the conduct of its affairs.

Financial assets
An asset on hand at the end of the accounting period, which could provide resources to discharge existing liabilities or finance future operations. Financial assets include cash and assets that are convertible into cash and are not intended for consumption in the normal course of activities.

Full accrual accounting

The method of recording transactions by which revenues and expenses are reflected in the determination of results for the period in which they are considered to have been earned and incurred, respectively, whether or not such transactions have been settled finally by the receipt or payment of cash or its equivalent.

G7 (Group of Seven)

The G7 consists of the world's seven largest industrial market economies: the United States, Japan, Germany, France, Great Britain, Italy and Canada. The leaders of these countries meet annually to discuss political and economic issues of mutual concern. In addition, G7 finance ministers meet several times a year to discuss economic policy. Their work is supported by regular, functional meetings of officials, including the G7 Finance Deputies.

Gross domestic product (GDP)

The total value of all goods and services produced within Canada during a given year. It is a measure of the income generated by production within Canada. Also referred to as annual economic output or, more simply, output. To avoid counting the same output more than once, GDP includes only final goods and services – not those that are used to make another product. GDP would not include the wheat used to make bread, but would include the bread itself. Real GDP values reflect adjustments for the impact of inflation, while nominal GDP values do not.

Net book value of tangible capital assets

The cost of tangible capital assets less both accumulated amortization and the amount of any write-downs.

Net debt

The total liabilities of the government less its financial assets.

Non-financial assets

An asset on hand at the end of the accounting period, which could not normally be converted to cash to pay off the debt, without disrupting government operations.

Operating lease

A lease in which the lessor retains substantially all the benefits and risks of ownership.

Other comprehensive income

Other comprehensive income holds any unrealized gains and losses resulting from the change in market value on assets that are classified as available-for-sale, derivative instruments used in hedging activities or actuarial gains and losses on pensions and other employee future benefits.

Public money

All money belonging to Canada received or collected by the Receiver General or any other public officer in his official capacity or any person authorized to receive or collect such money.

Real return bonds

These Government of Canada bonds pay semi-annual interest based upon a real interest rate. Unlike standard fixed-coupon marketable bonds, interest payments on real return bonds are adjusted for changes in the Consumer Price Index.

Retail debt

Canada Savings Bonds and Canada Premium Bonds.

Surplus

The amount by which government revenue exceeds expenses in any given year.

Swap

An agreement that exchanges one type of return or financial instrument for another (e.g. a fixed for a floating rate of interest).

Tangible capital asset

A non-financial asset having physical substance that: *(a)* is held for use in the production or supply of goods and services; *(b)* has a useful economic life extending beyond an accounting period; and *(c)* has been acquired to be used on a continuing basis.

Transfer payments

A transfer of money from a government to an individual, an organization or another government for which the government making the transfer does not: *(a)* receive any goods or services directly in return as would occur in a purchase/sales transaction; *(b)* expect to be repaid in the future, as would be expected in a loan; or *(c)* expect a financial return, as would be expected in an investment.

Section 2

2016–2017

Public Accounts of Canada

Consolidated financial statements of the Government of Canada and report and observations of the Auditor General of Canada

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Consolidated financial statements of the Government of Canada

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Preface to the consolidated financial statements of the Government of Canada

The fundamental purpose of these consolidated financial statements is to provide information to Parliament, and thus to the public, to facilitate an understanding and evaluation of the full nature and extent of the financial affairs and resources for which the Government is responsible. These consolidated financial statements reflect the financial position of the Government at the reporting date, as well as its results of operations, accumulated deficit, change in net debt and cash flow for the year then ended.

The two fundamental concepts underlying the Government's accounting system are found in the Constitution Acts: first, that all duties and revenues received, other than those reserved to the provinces, "shall form One Consolidated Revenue Fund" (CRF); second, that the balance of the CRF, after certain prior charges, "shall be appropriated by the Parliament of Canada".

The right of Canada to raise taxes and revenues is contained in the Constitution Acts, and is given specific form in various Acts passed by Parliament. Revenues can be raised and moneys can be spent or borrowed by the Government only with the authority of Parliament. All receipts of money by departments and agencies must be deposited into the CRF. All disbursements from the CRF for spending on operations, for loans, investments and advances, and for the redemption of matured debt, must be authorized by Parliament, through annual appropriation acts and other statutes.

Wholly-owned Crown corporations that are agents of Her Majesty may only borrow as authorized by Acts of Parliament. Such Acts usually place a ceiling on the amount of borrowings that can be outstanding at any one time. Non-agent Crown corporations and other government business enterprises can borrow without specific parliamentary authority, although such borrowings are sometimes guaranteed by the Government with the authority of Parliament.

The consolidated financial statements of the Government of Canada consist of four statements and accompanying notes.

The first is the **Consolidated Statement of Operations and Accumulated Deficit**, which presents the Government's revenues, expenses, deficit or surplus, and other comprehensive loss or income for the year, and the net accumulation of the annual surpluses and deficits since Confederation.

The second is the **Consolidated Statement of Financial Position**, which discloses the Government's cash balance and investments, amounts owing to and by the Government at the end of the year, and the Government's non-financial assets such as its tangible capital assets and inventories. It also presents both the accumulated deficit of the Government and its net debt which is the difference between the Government's total liabilities and its financial assets.

The third is the **Consolidated Statement of Change in Net Debt**, which explains the difference between the Government's annual deficit or surplus and the change in the net debt for the year. It reports the extent to which revenues recognized in the year were sufficient, or not sufficient, to offset expenditures, as opposed to the expenses recognized in the annual deficit or surplus.

The fourth is the **Consolidated Statement of Cash Flow**, which provides information on the Government's cash provided by or used for operating, capital investment, investing and financing activities.

Other sections in this volume together with Volume II and Volume III of the *Public Accounts of Canada*, provide more detailed supplementary information in respect of matters reported in the consolidated financial statements. The Independent Auditor's Report on the consolidated financial statements does not extend to this supplementary information.

Statement of responsibility

These consolidated financial statements are prepared by the Government of Canada in accordance with the accounting policies set out in Note 1 to the consolidated financial statements, which are based on Canadian public sector accounting standards, and on a basis consistent with that of the preceding year.

Responsibility for the integrity and objectivity of these consolidated financial statements rests with the Government. These consolidated financial statements are prepared under the joint direction of the President of the Treasury Board, the Minister of Finance, and the Receiver General for Canada in compliance with governing legislation. These consolidated financial statements are prepared on a full accrual basis of accounting. The information included in these consolidated financial statements is based on the Government's best estimates and judgement, with due consideration given to materiality.

To fulfill its accounting and reporting responsibilities, the Government maintains systems of financial management and internal control which give due consideration to costs, benefits and risks. These systems are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded so as to maintain accountability of public money and safeguard the assets and properties of Canada under Government administration. The Receiver General for Canada maintains the accounts of Canada, a centralized summary record of the Government's financial transactions. Additional information is obtained as required, from departments, agencies, Crown corporations, other government business enterprises, and other entities to meet accounting and reporting requirements.

The Government presents these consolidated financial statements to the Auditor General of Canada, who audits them and provides an independent audit opinion to the House of Commons. The duties of the Auditor General of Canada in that respect are contained in Section 6 of the *Auditor General Act*.

Annually, the consolidated financial statements are tabled in the House of Commons as part of the *Public Accounts of Canada*, and are referred to the Standing Committee on Public Accounts, which reports to Parliament on the results of its examination together with any recommendations it may have with respect to the consolidated financial statements and accompanying independent audit opinion.

On behalf of the Government of Canada.

Yaprak Baltacıoğlu
Secretary of the Treasury
Board of Canada

Paul Rochon
Deputy Minister of Finance

Marie Lemay
Deputy Receiver General for Canada

Bill Matthews, FCPA, FCA
Comptroller General of Canada

September 6, 2017

Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

Independent Auditor's Report

To the House of Commons

Report on the consolidated financial statements

I have audited the accompanying consolidated financial statements of the Government of Canada, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of operations and accumulated deficit, consolidated statement of change in net debt and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Government's Responsibility for the Consolidated Financial Statements

The Government is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the stated accounting policies of the Government of Canada set out in Note 1 to the consolidated financial statements, which are based on Canadian public sector accounting standards, and for such internal control as the Government determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Government's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Government, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Government of Canada as at 31 March 2017, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with the stated accounting policies of the Government of Canada set out in Note 1 to the consolidated financial statements, which conform with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by Section 6 of the *Auditor General Act*, I report that, in my opinion, the stated accounting policies of the Government of Canada have been applied on a basis consistent with that of the preceding year.

Michael Ferguson, CPA, CA
FCPA, FCA (New Brunswick)
Auditor General of Canada

6 September, 2017
Ottawa, Canada

Government of Canada

Consolidated Statement of Operations and Accumulated Deficit for the year ended March 31, 2017

(in millions of dollars)

	2017		2016
	Budget (Note 3)	Actual	Actual
Revenues (Note 19)			
Tax revenues			
Income tax revenues			
Personal	143,859	143,680	144,897
Corporate	37,877	42,216	41,444
Non-resident	6,256	7,071	6,505
Total income tax revenues	***187,992***	***192,967***	***192,846***
Other taxes and duties			
Goods and services tax	33,480	34,368	32,952
Energy taxes	5,810	5,634	5,565
Customs import duties	4,980	5,478	5,372
Other excise taxes and duties	5,318	5,868	5,916
Total other taxes and duties	***49,588***	***51,348***	***49,805***
Total tax revenues	***237,580***	***244,315***	***242,651***
Employment insurance premiums	***22,402***	***22,125***	***23,070***
Other revenues			
Enterprise Crown corporations and other government business enterprises	5,939	5,655	7,916
Other	19,816	19,267	19,494
Net foreign exchange	1,922	2,133	2,322
Total other revenues	***27,677***	***27,055***	***29,732***
Total revenues	**287,659**	**293,495**	**295,453**
Expenses (Note 4 and Note 19)			
Program expenses			
Transfer payments			
Old age security benefits, guaranteed income supplement and spouse's allowance	48,410	48,162	45,461
Major transfer payments to other levels of government	68,649	68,652	65,850
Employment insurance	21,123	20,711	19,419
Children's benefits	21,869	22,065	18,025
Other transfer payments	41,684	41,580	34,874
Total transfer payments	***201,735***	***201,170***	***183,629***
Other expenses	**89,658**	**85,986**	**87,368**
Total program expenses	***291,393***	***287,156***	***270,997***
Public debt charges	***25,682***	***24,109***	***25,443***
Total expenses	**317,075**	**311,265**	**296,440**
Annual deficit	**(29,416)**	**(17,770)**	**(987)**
Accumulated deficit at beginning of year	**(615,986)**	**(615,986)**	**(612,330)**
Other comprehensive income (loss) (Note 5 and Note 14)	–	**1,857**	**(2,669)**
Accumulated deficit at end of year (Note 5)	**(645,402)**	**(631,899)**	**(615,986)**

The accompanying notes are an integral part of these consolidated statements.
Details can be found in other sections (unaudited) of this volume.
Certain comparative figures have been reclassified to conform to the current year's presentation (Note 2).

Government of Canada

Consolidated Statement of Financial Position
as at March 31, 2017

(in millions of dollars)

	2017	2016
Liabilities		
Accounts payable and accrued liabilities		
Amounts payable to taxpayers	55,077	53,697
Other accounts payable and accrued liabilities	34,431	33,232
Provision for contingent liabilities (Note 6)	16,511	12,562
Environmental liabilities and asset retirement obligations (Note 7)	12,599	13,282
Deferred revenue	9,238	10,158
Interest and matured debt	4,663	4,922
Total accounts payable and accrued liabilities	***132,519***	***127,853***
Interest-bearing debt		
Unmatured debt (Note 8)	713,633	688,211
Pensions and other future benefits		
Public sector pensions (Note 9)	151,806	152,227
Other employee and veteran future benefits (Note 9)	93,568	85,681
Total pensions and other future benefits	*245,374*	*237,908*
Other liabilities (Note 10)	5,689	5,602
Total interest-bearing debt	***964,696***	***931,721***
Total liabilities	**1,097,215**	**1,059,574**
Financial assets		
Cash and accounts receivable		
Cash and cash equivalents (Note 11)	36,500	38,570
Taxes receivable (Note 12)	110,514	105,848
Other accounts receivable (Note 12)	11,041	10,270
Total cash and accounts receivable	***158,055***	***154,688***
Foreign exchange accounts (Note 13)	***98,797***	***93,539***
Loans, investments and advances		
Enterprise Crown corporations and other government business enterprises (Note 14)	99,427	91,116
Other loans, investments and advances (Note 15)	24,579	24,841
Total loans, investments and advances	***124,006***	***115,957***
Public sector pension assets (Note 9)	***1,900***	***1,639***
Total financial assets	**382,758**	**365,823**
Net debt	**(714,457)**	**(693,751)**
Non-financial assets		
Tangible capital assets (Note 16)	69,676	65,838
Inventories	6,842	7,221
Prepaid expenses and other	6,040	4,706
Total non-financial assets	**82,558**	**77,765**
Accumulated deficit (Note 5)	**(631,899)**	**(615,986)**

Contingent liabilities and contractual obligations (Note 6 and Note 18)

The accompanying notes are an integral part of these consolidated statements.
Details can be found in other sections (unaudited) of this volume.
Certain comparative figures have been reclassified to conform to the current year's presentation (Note 2).

Government of Canada

Consolidated Statement of Change in Net Debt
for the year ended March 31, 2017

(in millions of dollars)

	2017		2016
	Budget (Note 3)	Actual	Actual
Net debt at beginning of year	**(693,751)**	**(693,751)**	**(686,959)**
Change in net debt during the year			
Annual deficit	**(29,416)**	**(17,770)**	**(987)**
Changes due to tangible capital assets			
Acquisition of tangible capital assets	(9,335)	(8,547)	(8,015)
Amortization of tangible capital assets	6,343	5,168	5,049
Proceeds from disposal of tangible capital assets	576	421	632
Net gain on disposal of tangible capital assets, including adjustments		(880)	(157)
Total change due to tangible capital assets	***(2,416)***	***(3,838)***	***(2,491)***
Change due to inventories	–	**379**	**29**
Change due to prepaid expenses and other	–	**(1,334)**	**(674)**
Net increase in net debt due to operations	**(31,832)**	**(22,563)**	**(4,123)**
Other comprehensive income (loss) (Note 5 and Note 14)	–	**1,857**	**(2,669)**
Net increase in net debt	**(31,832)**	**(20,706)**	**(6,792)**
Net debt at end of year	**(725,583)**	**(714,457)**	**(693,751)**

The accompanying notes are an integral part of these consolidated statements.
Details can be found in other sections (unaudited) of this volume.

Government of Canada

Consolidated Statement of Cash Flow
for the year ended March 31, 2017

(in millions of dollars)

	2017	2016
Operating activities		
Annual deficit	**(17,770)**	**(987)**
Non-cash items		
Share of annual profit in enterprise Crown corporations and other government business enterprises	(4,920)	(7,316)
Amortization of tangible capital assets	5,168	5,049
Net gain on disposal of tangible capital assets, including adjustments	(880)	(157)
Cross-currency swap revaluation	(627)	1,722
Change in taxes receivable	(4,666)	(7,349)
Change in pensions and other future benefits	7,205	8,728
Change in foreign exchange accounts	(5,258)	(8,521)
Change in accounts payable and accrued liabilities	3,120	2,739
Change in cash collateral pledged to counterparties	(316)	(6,557)
Net change in other accounts	1,135	1,517
Cash used by operating activities	***(17,809)***	***(11,132)***
Capital investment activities		
Acquisition of tangible capital assets	(7,834)	(7,379)
Proceeds from disposal of tangible capital assets	421	632
Cash used by capital investment activities	***(7,413)***	***(6,747)***
Investing activities		
Enterprise Crown corporations and other government business enterprises		
Equity transactions	2,195	4,975
Issuance of loans and advances	(52,213)	(54,542)
Repayment of loans and advances	48,703	52,699
Issuance of other loans, investments and advances	(6,104)	(7,749)
Repayment of other loans, investments and advances	5,510	6,145
Cash (used) provided by investing activities	***(1,909)***	***1,528***
Financing activities		
Issuance of Canadian currency borrowings	507,483	452,850
Repayment of Canadian currency borrowings	(477,549)	(435,143)
Issuance of foreign currency borrowings	21,702	26,817
Repayment of foreign currency borrowings	(26,575)	(24,602)
Cash provided by financing activities	***25,061***	***19,922***
Net (decrease) increase in cash and cash equivalents	**(2,070)**	**3,571**
Cash and cash equivalents at beginning of year	***38,570***	***34,999***
Cash and cash equivalents at end of year (Note 11)	***36,500***	***38,570***
Supplementary information		
Cash used for interest	13,451	14,337

The accompanying notes are an integral part of these consolidated statements.
Details can be found in other sections (unaudited) of this volume.
Certain comparative figures have been reclassified to conform to the current year's presentation (Note 2).

Notes to the consolidated financial statements of the Government of Canada

1. Summary of significant accounting policies

Reporting entity

The reporting entity of the Government of Canada includes all of the government organizations which comprise the legal entity of the Government as well as other government organizations, including Crown corporations, which are separate legal entities but are controlled by the Government. For financial reporting purposes, control is defined as the power to govern the financial and operating policies of an organization with benefits from the organization's activities being expected, or the risk of loss being assumed by the Government. All organizations defined as departments and as Crown corporations in the *Financial Administration Act* are included in the reporting entity. Other organizations not listed in the *Financial Administration Act* may also meet the definition of control and are included in the Government's reporting entity if their revenues, expenses, assets or liabilities are significant.

Some Crown corporations and not-for-profit organizations rely on the Government for a portion of their financing. The consolidated Crown corporations that receive significant funding from the Government are Atomic Energy of Canada Limited, Canada Council for the Arts, Canadian Air Transport Security Authority, Canadian Broadcasting Corporation and VIA Rail Canada Inc. The consolidated not-for-profit organizations that receive significant funding are the Canada Foundation for Innovation and the Canada Foundation for Sustainable Development Technology. The financial activities of all of these entities are consolidated in these financial statements on a line-by-line and uniform basis of accounting after eliminating significant inter-governmental balances and transactions. Detailed information on these consolidated entities is included in Section 4 (unaudited) of this volume.

Enterprise Crown corporations are government business enterprises able to raise substantial portions of their revenues through commercial business activity and are therefore considered self-sustaining. The major enterprise Crown corporations include the Bank of Canada, Canada Mortgage and Housing Corporation, Canada Post Corporation and Export Development Canada. In addition, there are a number of self-sustaining government business enterprises that are not Crown corporations but which are controlled by the Government. These are referred to as other government business enterprises and include various Canada Port Authorities. Investments in enterprise Crown corporations and other government business enterprises are recorded under the modified equity method.

The Canada Pension Plan (CPP), which includes the assets of CPP under the administration of the Canada Pension Plan Investment Board, is excluded from the reporting entity because changes to CPP require the agreement of two thirds of participating provinces and it is therefore not controlled by the Government.

Basis of accounting

These consolidated financial statements are prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Revenues

Tax revenues are recognized in the period in which the taxable event occurs and when they are authorized by legislation or the ability to assess and collect the tax has been provided through legislative convention.

Tax revenues are measured from amounts assessed/reassessed and from estimates of amounts not yet assessed/reassessed based on cash received that relates to the fiscal year ended March 31. Annual revenues also include adjustments between the estimated revenues of previous years and actual amounts, as well as revenues from reassessments relating to prior years. Revenues do not include estimates of unreported taxes, or the impact of future reassessments that cannot yet be reliably determined.

Tax expenditures that reduce taxes paid or payable are considered tax concessions and are netted against the applicable tax revenue. Tax expenditures that provide a financial benefit through the tax system, and are not related to the relief of taxes paid or payable, are shown as other transfer payments and are not netted against tax revenue.

Tax revenues that were not collected at year end and refunds that were not yet disbursed are reported respectively as taxes receivable and amounts payable to taxpayers on the Consolidated Statement of Financial Position. These amounts also include other receivables and payables for amounts collected through the tax system such as provincial and territorial taxes, Employment Insurance premiums and Canada Pension Plan contributions receivable from individuals and employers as applicable.

Tax collected on behalf of the provincial/territorial governments is not included in tax revenues. It is recorded as payable to the provincial/territorial governments included within Other Accounts Payable and Accrued Liabilities and distributed by the Department of Finance in accordance with associated agreements.

The following policies are applied for specific revenue streams:

Income tax revenue is recognized when the taxpayer has earned the income subject to the tax.

Domestic goods and services tax (GST) revenue is recognized at the time of the sale of goods or the provision of services. These revenues are reported net of input tax credits, GST rebates, and the GST quarterly tax credits. The GST quarterly tax credit for low-income individuals and families is recorded in the period to which it relates.

Customs duties and goods and services tax revenue on imports are recognized when goods are authorized to enter Canada.

Excise tax revenue is recognized when a taxpayer sells goods taxable under the *Excise Tax Act*.

Excise duties revenue is recognized when the taxpayer manufactures goods taxable under the *Excise Act* and the *Excise Act, 2001*.

Employment Insurance premiums are recognized as revenue in the period the insurable earnings are earned.

Other revenues are recognized in the period to which they relate.

Spectrum licence fees are recognized as revenue on a straight-line basis over the term of the licence. Deferred revenue consists of spectrum licence fees and other amounts received in advance for the delivery of goods and rendering of services that will be recognized as revenue in a subsequent fiscal year as it is earned.

Expenses

The Government has three major types of expenses: transfer payments, other expenses and public debt charges.

Transfer payments are recorded as an expense in the year the transfer is authorized and all eligibility criteria have been met by the recipient.

Other expenses are generally recorded when goods are received or services are rendered and include expenses related to personnel, professional and special services, repair and maintenance, utilities, materials and supplies, as well as amortization of tangible capital assets. Provisions to reflect changes in the value of assets or liabilities, such as provisions for bad debts, loans, investments and advances and inventory obsolescence, as well as utilization of inventories and prepaid expenses, expenses of consolidated Crown corporations, and other are also included in other expenses. Public sector pensions and other employee and veteran future benefits, which comprise a portion of personnel expenses, are recorded as employees render services using the projected benefit method prorated on service, except for: veteran future benefits and workers' compensation where benefits are accrued on an event driven basis; accumulated sick leave entitlements where benefits are recognized using an accrued benefit method; and plan amendments related to past services, curtailments and settlements where costs are recorded when approved or paid.

Public debt charges are recorded when incurred and include interest, servicing costs, costs of issuing new borrowings, amortization of premiums and discounts on market debt including amounts arising on the extinguishment of debt, as well as interest on public sector pensions and other employee and veteran future benefits.

Cash and cash equivalents

Cash consists of public moneys on deposit and cash in transit less outstanding cheques and warrants. Cash equivalents consist mainly of term deposits usually not exceeding 31 days.

Foreign exchange accounts

Short-term deposits, marketable securities and special drawing rights held in the foreign exchange accounts are recorded at cost. Marketable securities are adjusted for amortization of purchase discounts and premiums. Purchases and sales of securities are recorded at the settlement date. Transaction costs are expensed as incurred for all classes of financial instruments.

Investment income earned with respect to foreign exchange accounts as well as write-downs to reflect other than temporary impairment in the fair value of securities are included in net foreign exchange revenues on the Consolidated Statement of Operations and Accumulated Deficit. Canada's subscriptions to the capital of the International Monetary Fund and loans to the International Monetary Fund are recorded at cost.

Loans, investments and advances

Investments in enterprise Crown corporations and other government business enterprises, which include the net assets and liabilities of enterprise Crown corporations and other government business enterprises, are recorded under the modified equity method whereby the cost of the Government's equity is reduced by dividends received and adjusted to include the annual profits and losses of these corporations, after elimination of unrealized inter-organizational gains and losses. All of these corporations follow International Financial Reporting Standards (IFRS). Under the modified equity method, the corporations' accounts are not adjusted to the Government's basis of accounting and other comprehensive income or loss of enterprise Crown corporations and other government business enterprises is recorded directly to the Government's accumulated deficit and net debt.

Some enterprise Crown corporations provide loans to borrowers outside the reporting entity of the Government. Some of these loans will be repaid through future appropriations of the Government under various subsidy programs which provide funds directly related to the repayment of the loan. For these loans receivable, a valuation allowance for the amount expected to be repaid from future appropriations is recorded to reduce their carrying value to an amount that approximates the amount to be recovered from sources outside the reporting entity of the Government. The valuation allowance is based upon the amount qualified borrowers are expected to receive under various Government subsidy programs and the percentage of the subsidy expected to be applied to the outstanding loan balance.

Other loans, investments and advances are initially recorded at cost and are adjusted to reflect the concessionary terms of loans made on a long-term, low interest or interest-free basis.

When necessary, an allowance for valuation is recorded to reduce the carrying value of other loans, investments and advances to amounts that approximate their net recoverable value. The allowance for valuation for other loans, investments and advances, reflects the possibility of losses associated with potential default on these exposures. The determination of the valuation allowance considers the credit risk of borrowers, collateral provided as well as previous repayment history. When they are determined to be uncollectible, other loans, investments and advances are written off. Subsequent recoveries are recorded as revenue when received.

Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and, except for land, are amortized to expense over the estimated useful lives of the assets, as described in Note 16. For certain tangible capital assets where the costs are not readily available, such as older buildings, estimated current costs have been extrapolated retrospectively in a systematic and rational manner to approximate original costs. Assets acquired under capital leases are recorded at the present value of the minimum lease payments using the appropriate discount rate, which is generally the lower of the interest rate implicit in the lease and government's rate of incremental borrowing at the inception of the lease. These assets are amortized over the lease term or the estimated useful life of the asset in accordance with the asset type. The corresponding lease obligations are recorded under unmatured debt on the Consolidated Statement of Financial Position. When conditions indicate that a tangible capital asset no longer contributes to the government's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value.

Tangible capital assets do not include immovable assets located on reserves as defined in the *Indian Act*; works of art, museum collections and Crown land to which no acquisition cost is attributable; and intangible assets. In addition, acquisitions of works of art and museum collections consisting mainly of paintings, sculptures, drawings, prints, photographs, monuments, films and videos are expensed in the fiscal year in which they are acquired.

Inventories are valued at cost and are comprised of spare parts and supplies held for future program delivery and are not primarily intended for resale. Inventories that no longer have service potential are valued at the lower of cost or net realizable value. Items for which the costs are not readily available are valued using management'sbest estimate of original cost, based on available information.

Non-financial assets are not taken into consideration when determining the net debt of the Government, but rather are deducted from the net debt to determine the accumulated deficit.

Unmatured debt

Unmatured debt consists of market debt, cross currency swap revaluations, the obligation related to capital leases and other unmatured debt. Market debt is recorded at face value and is adjusted by discounts and premiums which are amortized on a straight-line basis over the term to maturity of the respective debt instrument. The corresponding amortization is recorded in public debt charges. When a marketable bond is exchanged or repurchased, and the transaction results in an extinguishment of the debt, the difference between the carrying amount of the debt instrument and the net consideration paid is recognized as a gain or loss in the Consolidated Statement of Operations and Accumulated Deficit, and the debt instrument is derecognized. An extinguishment occurs on the repurchase of bonds, or when there is an exchange of bonds with an existing bond holder and the terms of the original debt and the replacement debt are substantially different. Exchanged bonds are considered to have substantially different terms when the discounted present value of the cash flows under the new terms, including any amounts paid on the exchange, and discounted using the average effective interest rate of the original debt, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original debt. If an exchange of bonds with an existing bond holder does not result in an extinguishment, the carrying amount of the debt is adjusted for any amounts paid on the exchange, and the unamortized premiums or discounts relating to the original debt and arising on the exchange transaction are amortized over the remaining term to maturity of the replacement debt on a straight-line basis. The Government's holdings of its own securities, if any, are deducted from market debt to report the liability to external parties. As the Government does not specifically borrow on behalf of enterprise Crown corporations, there is no netting of outstanding market debt and loans to these corporations.

Cross currency swap revaluations consist of unrealized gains or losses due to fluctuations in the foreign exchange value of the cross currency swaps entered into by the Government.

The obligation related to capital leases represents the present values of the remaining minimum lease payments under capital lease agreements.

Public sector pensions and other employee and veteran future benefits

Public sector pensions and other employee and veteran future benefits are measured on an actuarial basis. The actuarial valuations estimate the current value of benefits earned and use various actuarial assumptions in the process. When actual experience of the plans varies from estimates or when actuarial assumptions change, actuarial gains or losses arise. Due to their tentative nature and because further adjustments will likely be required in the future, actuarial gains and losses are not recognized immediately but rather over the expected average remaining service life (EARSL) of the employees, which varies across plans, or the average remaining life expectancy (ARLE) of the benefit recipients under wartime veteran plans. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuations. In addition, an unrecognized net actuarial loss is recognized immediately upon a plan amendment, up to a maximum of the related decrease in the accrued benefit obligation; similarly, an unrecognized net actuarial gain is recognized immediately, up to a maximum of the related increase in the accrued benefit obligation. The unrecognized net actuarial loss or gain, relating to the obligation that is curtailed or settled, is recognized immediately upon a plan curtailment or settlement.

Plan assets include investments held by the Public Sector Pension Investment Board (PSPIB) which are valued at market-related value and adjusted to market value over a five-year period. Under this method, the expected return on investments is recorded immediately while the difference between the expected and the actual return on investments is recorded over a five-year period through actuarial gains and losses. The market-related value of investments is adjusted, if necessary, to ensure that it does not fall outside a limit of plus or minus 10 per cent of the market value of investments at year end; any difference is recorded immediately through actuarial gains and losses.

Contributions receivable from employees for past service buyback elections are discounted to approximate their fair value.

Contingent liabilities

Contingent liabilities, including the allowance for guarantees, are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded to other expenses. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the consolidated financial statements.

For guarantees, an allowance is recorded when it is determined that a loss is likely and the amount of the allowance is estimated taking into consideration the nature of the guarantee, loss experience and current conditions. The allowance is reviewed on an ongoing basis and changes in the allowance are recorded as expenses in the year they become known.

Environmental liabilities and asset retirement obligations

An environmental liability for the remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, the Government is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects the Government's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination. When the future cash flows required to settle or otherwise extinguish a liability are estimable, predictable and expected to occur over extended future periods, a present value technique is used. The discount rate used reflects the Government's cost of borrowing, and is based on the term rate associated with the estimated number of years to complete remediation.

A liability for unexploded explosive ordnance (UXO) affected legacy sites is recognized when there is an appropriate basis for measurement and a reasonable estimate can be made. These liabilities are present obligations arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits.

Asset retirement obligations are estimated costs related to obligations associated with the retirement of tangible capital assets. A liability for an asset retirement obligation is recognized when all of the following criteria are satisfied: there is an agreement, contract, legislation, or a constructive or equitable obligation that obligates the Government to incur retirement costs in relation to a tangible capital asset, the past event or transaction giving rise to the retirement liability has occurred, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. These costs are normally capitalized and amortized over the asset's estimated useful life based on the Government's best estimates of the cost to retire the tangible asset. If the related asset is fully amortized, the asset retirement costs are expensed. The liability reflects the present value of estimated future cash flows required to retire the assets where amounts can be reasonably estimated and is expected to be settled as the related sites, facilities or assets are removed from service. The estimated future cash flows are adjusted for inflation using a rate that is derived on the basis of Consensus forecasts and Bank of Canada historical and target inflation rates. The discount rate is a weighted average rate reflecting the Government's cost of borrowing on initial recognition and on subsequent changes to expected cash flows, which is most closely associated with the period to settlement of the obligation.

The recorded liabilities are adjusted each year, as required, for present value adjustments, inflation, new obligations, changes in management estimates and actual costs incurred.

If the likelihood of the Government's responsibility is not determinable, a contingent liability is disclosed in the notes to the consolidated statements. If measurement uncertainty exists it is also disclosed in the notes to the consolidated statements.

Foreign currency translation

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates in effect at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using rates at March 31. Gains and losses resulting from foreign currency translation are reported on the Consolidated Statement of Operations and Accumulated Deficit according to the activities to which they relate. Net gains and losses relating to the foreign exchange accounts, foreign debt, swap and foreign exchange forward agreement revaluations are presented with investment revenues from foreign exchange accounts under net foreign exchange revenues. Net gains and losses relating to loans, investments and advances are presented with the return on investments from these loans, investments and advances under other revenues. Net gains and losses relating to transfer payments are reported in the transfer payment expenses under other transfer payments. Net gains and losses relating to departmental sale or purchase of goods or services in foreign currency are reported under other expenses.

Measurement uncertainty

The preparation of consolidated financial statements requires the Government to make estimates and assumptions that affect the reported and disclosed amounts of assets, liabilities, revenues and expenses in the consolidated financial statements and accompanying notes at March 31. The estimates are based on facts and circumstances, historical experience, general economic conditions and reflect the Government's best estimate of the related amount at the end of the reporting period. Estimates and underlying assumptions are reviewed annually at March 31. Revisions to accounting estimates are recognized in the period in which estimates are revised if revisions affect only that period or in the period of revision and future periods if revisions affect both current and future periods.

A material measurement uncertainty exists when it is reasonably possible that a material variance could occur in the reported or disclosed amount in the near term. Near term is defined as a period of time not to exceed one year from March 31. The Government has determined that a material measurement uncertainty exists with respect to the reported amounts for public sector pensions and other employee and veteran future benefits. Measurement uncertainty due to estimates and assumptions also exists in the provision for contingent liabilities (Note 6), the accrual of tax revenues, the related amounts receivable and payable, and the allowance for doubtful accounts; and environmental liabilities. It is reasonably possible that the Government's reassessments of these estimates and assumptions could require a material change in reported amounts or disclosures in the consolidated financial statements.

Obligations for public sector pensions and other employee and veteran future benefits are actuarially determined and the actual experience may differ significantly from the assumptions used in the calculation of the plans' accrued benefits. At March 31, 2017, net future benefit liabilities of $243,474 million ($236,269 million in 2016) in regards to obligations for public sector pensions and other employee and veteran future benefits are recorded in the financial statements. The significant actuarial assumptions used in measuring the benefit obligations as well as a sensitivity analysis of the impact on the consolidated financial statements of changes in the most significant assumptions are found in Note 9.

Tax revenues, the related amounts receivable and payable and the allowance for doubtful accounts are subject to measurement uncertainty due to the use of estimates of amounts not yet assessed/reassessed based on cash received. Key assumptions used in estimating tax revenues are that tax instalments, historical information on refund rates, payments received on filing tax returns, and amounts receivable assessed are good indicators of tax revenue earned to March 31 that has not yet been assessed. The key assumption used to estimate the general allowance for doubtful accounts is historical collection information as described in Note 12. The estimates are subject to back-testing and are refined as required. In addition, tax revenues are subject to measurement uncertainty resulting from objections where the taxpayer filed a notice of objection. As of March 31, 2017, $16,409 million of federal taxes was under objection ($18,579 million for 2016). An amount is recognized as a reduction of tax revenues for cases where it has been determined that the government had little or no discretion to avoid settlement. The methodologies used to determine the estimates were applied consistently with those of the previous year.

Environmental liabilities and asset retirement obligations are subject to measurement uncertainty as discussed in Note 7 due to the evolving technologies used in remediation activities of contaminated sites or asset retirements, the use of discounted present value of future estimated costs, and the fact that not all sites have had a complete assessment of the extent and nature of remediation or asset retirement costs. Changes to underlying assumptions, the timing of the expenditures, the technology employed, the revisions to environmental standards or changes in regulatory requirements could result in significant changes to the environmental liabilities recorded.

Other comprehensive income or loss

Other comprehensive income or loss, resulting from the accounting of enterprise Crown corporations and other government business enterprises under the modified equity method, is excluded from the calculation of the Government's annual deficit and is recorded directly to the Government's accumulated deficit and net debt.

2. Comparative information

Certain comparative figures for 2016 have been reclassified to conform to the 2017 presentation.

The revised presentation classifies the revenues and expenses of consolidated Crown corporations and other entities with the revenues and expenses of other consolidated government units. This change results in the reclassification of $4,544 million of Crown corporation revenues to other revenues and the merging of $8,358 million of Crown corporation expenses with other expenses and public debt charges, as well as the reclassification of $177 million from other accounts payable and accrued liabilities to deferred revenues. The tables in Note 4, Note 5 and Note 19 have also been adjusted to reflect this new classification.

A distinct line item was added this year in the Consolidated Statement of Financial Position in order to separately present the provision for contingent liabilities. This has resulted in a reclassification of $12,562 million to this new line item from the other accounts payable and accrued liabilities line item. Note 6 has been adjusted to reflect this change.

In addition, on the Consolidated Statement of Cash Flow, $1,483 million was reclassified from change in accounts payable and accrued liabilities to net change in other accounts to accurately exclude the impact of non-cash items on those line items.

3. Spending and borrowing authorities

(a) Spending authorities

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes. The Government uses the full accrual method of accounting to prepare its Budget and present its current consolidated financial statements. However, the spending authorities voted by Parliament remain on an expenditure basis, which uses only a partial accrual method of accounting. During the year, expenditures were made under the authorities indicated in the following table:

(in millions of dollars)

	2017	2016
Annual spending limits voted by Parliament	103,671	95,358
Expenditures permitted under other legislation	155,466	158,135
Total budgetary expenditures authorized	259,137	253,493
Less: amounts available for use in subsequent years and amounts that have lapsed	13,183	12,094
Total net expenditures	245,955	241,399
Effect of consolidation and full accrual accounting	65,310	55,041
Total expenses	311,265	296,440

The use of budgetary expenditure authorities reported in the preceding table differs from the total expenses reported in the Consolidated Statement of Operations and Accumulated Deficit. The difference is due to various factors. Spending authorities are presented on a partial accrual basis, while the Consolidated Statement of Operations and Accumulated Deficit is prepared on a full accrual basis. The transactions of consolidated specified purpose accounts and of certain Crown corporations or other controlled entities are consolidated in the financial statements but are not included in the budgetary expenditure authorities available for use. Transfer payments to organizations within the Government reporting entity are recorded against a budgetary expenditure authority in the year they are disbursed to the organization, but they are recorded as a consolidated expense only when they are disbursed to the ultimate recipient outside of the Government reporting entity. Provisions for valuation of assets and liabilities are also not included in spending authorities.

In addition to the authorities for budgetary expenditures, non-budgetary spending of $217,341 million ($206,895 million in 2016) was authorized for loans, investments and advances. A net amount of $51,913 million ($55,446 million in 2016) was used, an amount of $145 million ($71 million in 2016) lapsed and an amount of $165,283 million ($151,378 million in 2016) is available for use in subsequent years.

Details about the source and disposition of authorities (unaudited) and the details of ministerial expenditures are provided in Volume II of the *Public Accounts of Canada*.

(b) Over-expenditure of spending authorities

There were no over-expenditures of spending authorities in 2016–2017.

(c) Borrowing authorities

The Government may borrow only on the authority of Parliament which is contained in Part IV of the *Financial Administration Act*. Section 43.1 of the *Financial Administration Act* empowers the Governor in Council to authorize the Minister of Finance to borrow money on behalf of Her Majesty in right of Canada. In 2017, the Governor in Council specified $325,000 million ($270,000 million in 2016) to be the maximum aggregate amount of principal that may be borrowed during the fiscal year. The maximum aggregate amount of principal is the sum of *i)* the maximum stock of treasury bills anticipated to be outstanding during the year, *ii)* the total value of refinanced and anticipated new issuances of marketable bonds and retail debt and *iii)* an amount to facilitate intra-year management of the debt and foreign exchange accounts. During the year, $276,216 million ($237,867 million in 2016) of the borrowing authority was used.

(d) Source of budget amounts

The budget amounts included in the Consolidated Statement of Operations and Accumulated Deficit and the Consolidated Statement of Change in Net Debt are derived from the amounts that were budgeted for 2016–2017 in the March 2016 Budget Plan (Budget 2016). To enhance comparability with actual 2016–2017 results, Budget 2016 amounts have been reclassified to conform to the current year's presentation in the consolidated financial statements, with no overall impact on the budgeted 2016–2017 annual deficit.

Since actual opening balances of the accumulated deficit and net debt were not available at the time of preparation of Budget 2016, the corresponding amounts in the budget column have been adjusted to the actual closing balances of the previous year.

4. Expenses

Expenses in the Consolidated Statement of Operations and Accumulated Deficit include:

(a) Major transfer payments to other levels of government

(in millions of dollars)

	2017	2016
Canada health transfer	36,057	34,025
Canada social transfer	13,348	12,959
Fiscal arrangements	17,145	16,893
Other major transfers	2,102	1,973
Total major transfer payments to other levels of government	68,652	65,850

Details can be found in Section 3 (unaudited) of this volume and in Section 1 (unaudited) of Volume II of the *Public Accounts of Canada*.

(b) Other transfer payments

Other transfer payments totalling $41,580 million ($34,874 million in 2016) include various amounts paid through federal programs to stabilize market prices for commodities, to develop new technologies, to conduct research, provide international development assistance, support health care and infrastructure of First Nations and Inuit communities, support social housing and families and to promote educational and cultural activities. Also included are expenses of other consolidated entities and other miscellaneous payments. The various types of transfer payments are being delivered by departments according to their departmental legislative mandates. Details can be found in Table 3.6 of Section 3 (unaudited) of this volume.

(c) Public debt charges

(in millions of dollars)

	2017	2016
Public debt charges related to unmatured debt		
Interest on unmatured debt	12,527	13,203
Amortization of discounts on Canada and Treasury bills	765	871
Amortization of premiums and discounts on all other debts	1,171	1,503
Cross currency swap revaluation	(335)	(487)
Servicing costs and costs of issuing new borrowings	10	11
Capital lease obligations	200	209
Other unmatured debt	82	83
Total	14,420	15,393
Interest expense related to pensions and other future benefits	9,482	9,843
Other liabilities	207	207
Total public debt charges	24,109	25,443

Details can be found in Section 3 (unaudited) of this volume.
Certain comparative figures have been reclassified to conform to the current year's presentation (Note 2).

(d) Total expenses by segment

The Government has defined segments as Ministries which groups the activities of departments, agencies and consolidated Crown corporations and other entities for which a Minister is responsible to Parliament. Additional segmented information is provided in Note 19. The following table presents the total expenses by segment after the elimination of internal transactions:

(in millions of dollars)

	2017	2016
Ministries		
Agriculture and Agri-Food	3,003	2,240
Canadian Heritage	4,088	3,703
Environment and Climate Change	1,803	1,642
Families, Children and Social Development	82,191	81,743
Finance	91,377	90,176
Fisheries, Oceans and the Canadian Coast Guard	2,034	1,638
Global Affairs	8,740	9,339
Health	6,748	6,325
Immigration, Refugees and Citizenship	2,304	2,221
Indigenous and Northern Affairs	12,435	9,251
Infrastructure and Communities	3,628	3,411
Innovation, Science and Economic Development	7,389	4,566
Justice	1,651	1,615
National Defence	25,813	28,759
National Revenue	30,804	22,199
Natural Resources	2,011	2,486
Office of the Governor General's Secretary	22	21
Parliament	628	571
Privy Council	308	671
Public Safety and Emergency Preparedness	11,469	10,996
Public Services and Procurement	4,415	4,344
Transport	2,275	3,146
Treasury Board	3,140	4,214
Veterans Affairs	953	929
Provision for valuation and other items	2,036	234
Total expenses	311,265	296,440

Details providing total expenses by segment and type can be found in Section 3 (unaudited) of this volume.
Certain comparative figures have been reclassified to conform to the current year's presentation (Note 2).

(e) Total expenses by type of resource used in operations

The Consolidated Statement of Operations and Accumulated Deficit and the previous table present a breakdown of expenses by segment, which represent the expenses incurred for each of the main functions of the Government. The following table presents the detail of these expenses by main objects of expense:

(in millions of dollars)

Objects of expense	2017	2016
Transfer payments	201,170	183,629
Other expenses		
Personnel	50,108	51,837
Transportation and communications	2,770	2,638
Information	278	302
Professional and special services	9,702	9,336
Rentals	2,293	2,268
Repair and maintenance	3,334	3,044
Utilities, materials and supplies	3,129	3,061
Other subsidies and expenses	9,047	9,689
Amortization of tangible capital assets	5,168	5,049
Net loss on disposal of assets	157	144
Total other expenses	85,986	87,368
Total program expenses	287,156	270,997
Public debt charges	24,109	25,443
Total expenses	311,265	296,440

Details reconciling objects of expense to objects of expenditure can be found in Section 3 (unaudited) of this volume and details on ministerial expenditures by object can be found in Section 1 (unaudited) of Volume II of the *Public Accounts of Canada*.

Certain comparative figures have been reclassified to conform to the current year's presentation (Note 2).

5. Accumulated deficit

The Government includes in its revenues and expenses certain accounts established for specified purposes. Legislation requires that revenues received for purposes specified in the legislation be credited to these accounts and that related payments be charged to the accounts. Any deficiency of revenues over payments must be met through future revenues or transfers credited to these accounts. The following table shows the balance of these consolidated accounts and accumulated other comprehensive income included in the accumulated deficit:

(in millions of dollars)

	2017	2016
Accumulated deficit, excluding consolidated specified purpose accounts and accumulated other comprehensive income[1]	(637,236)	(621,196)
Consolidated specified purpose accounts		
Employment Insurance Operating Account	2,999	2,915
Other insurance accounts	716	711
Other consolidated accounts	328	326
	(633,193)	(617,244)
Accumulated other comprehensive income	1,294	1,258
Accumulated deficit	(631,899)	(615,986)

Certain comparative figures have been reclassified to conform to the current year's presentation (Note 2).

[1] Included in this amount are actuarial gains and losses on pensions and other employee future benefits of enterprise Crown corporations and other government business enterprises which are a part of other comprehensive income but recorded directly to accumulated deficit and therefore are not a component of accumulated other comprehensive income.

Accumulated other comprehensive income

For enterprise Crown corporations and other government business enterprises recorded under the modified equity method, certain unrealized gains and losses on financial instruments and certain actuarial gains and losses related to pensions and other employee future benefits are recorded in other comprehensive loss or income in accordance with International Financial Reporting Standards (IFRS). The unrealized gains and losses on financial instruments reflect changes in the fair value of financial assets classified as available-for-sale or derivative instruments used in hedging activities and are excluded from the calculation of profit or loss until realized. Actuarial gains and losses related to pensions and other employee future benefits reflect differences between the actual and expected returns on plan assets as well as the difference between actual and expected experience and changes in actuarial assumptions used to determine the present value of the benefit obligations. These actuarial gains and losses are recorded directly to retained earnings without reclassification to profit or loss in a subsequent period.

Other comprehensive loss or income is excluded from the calculation of the Government's annual deficit. It is instead recorded directly to the Government's accumulated deficit. Upon realization of the gains and losses on financial instruments, the associated amounts are reclassified to the profit or loss of enterprise Crown corporations and other government business enterprises and then reflected in the Government's annual deficit. The actuarial gains and losses related to pensions and other employee future benefits are not reclassified.

The following table presents the different components of other comprehensive income as well as accumulated other comprehensive income included in the Government's accumulated deficit:

(in millions of dollars)

	2017	2016
Accumulated other comprehensive income at beginning of year	1,258	3,859
Other comprehensive income (loss)		
Net change in unrealized gains (losses) on available-for-sale financial instruments	54	(2,577)
Net change in fair value of derivatives designated as hedges	(18)	(24)
Actuarial gains (losses) on pensions and other employee future benefits	1,821	(68)
Total	1,857	(2,669)
Less: Actuarial gains (losses) on pensions and other employee future benefits recorded directly to accumulated deficit	1,821	(68)
Accumulated other comprehensive income at end of year	1,294	1,258

6. Provisions and contingent liabilities

Contingent liabilities arise in the normal course of operations and their ultimate disposition is unknown. A provision is recorded when the potential liabilities are assessed as likely to become an actual liability and a reasonable estimate of the loss can be made. They are grouped into contingent liabilities related to: guarantees provided by the Government, international organizations, claims and pending and threatened litigation, and insurance programs of agent enterprise Crown corporations.

(a) Guarantees provided by the Government

Guarantees provided by the Government include guarantees on the borrowings of enterprise Crown corporations and other government business enterprises, loan guarantees, insurance programs managed by the Government, and other explicit guarantees. At March 31, 2017, the principal amount outstanding for guarantees provided by the Government is $544,549 million ($490,557 million in 2016) for which an allowance of $282 million ($312 million in 2016) has been recorded under provision for contingent liabilities in the Consolidated Statement of Financial Position. The authorized limit, where applicable, is established at $404,482 million ($357,360 million in 2016) for an amount of $267,990 million ($224,095 million in 2016) of guarantees provided by the Government. Of the total amount guaranteed, $276,559 million ($266,434 million in 2016) relates to guarantees on the borrowings of agent enterprise Crown corporations for which no authorized limit has been set and no allowance (nil in 2016) has been recorded.

(b) International organizations

The Government has callable share capital in certain international organizations that could require payments to those agencies. As at March 31, 2017, the callable share capital amounts to $31,780 million ($31,041 million in 2016). No payments have been requested by international organizations or paid by the Government in the year related to the callable share capital (nil in 2016).

(c) Claims and pending and threatened litigation

There are thousands of claims and pending and threatened litigation cases outstanding against the Government. These claims include items with pleading amounts and items where an amount is not specified. While the total amount claimed in these actions is significant, their outcomes are not determinable in all cases. As a result, provisions are recorded based on management's best estimate of the potential loss on a case by case basis. The Government has recorded an allowance for claims and litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. In situations where the estimate of loss is based on a range of amounts, the amount accrued within the range is management's best estimate of the potential loss which may be at an amount lesser than the maximum of the range. Significant exposure to a liability could exist in excess of what has been recorded. Claims and litigation for which the outcome is not determinable and for which an amount has not been accrued, are estimated at approximately $9,354 million ($8,679 million in 2016). Certain large and significant claims are described below:

Comprehensive land claims: Comprehensive land claims arise in areas of the country where Aboriginal rights and title have not been resolved by treaty or by other legal means. There are currently 70 (76 in 2016) comprehensive land claims under negotiation, accepted for negotiation or under review. A liability of $5,276 million ($5,158 million in 2016) is estimated and recorded for claims that have progressed to a point where quantification is possible. This estimate includes projections based on historical rates and costs of settlement for similar claims.

Specific claims: Specific claims deal with the past grievances of First Nations related to Canada's obligations under historic treaties or the way it managed First Nations' funds or other assets. The Government of Canada will pursue a settlement agreement with the First Nation when a claim demonstrates an outstanding lawful obligation. There are currently 528 (503 in 2016) specific claims under negotiation, accepted for negotiation or under review. A liability of $5,311 million ($4,531 million in 2016) is estimated and recorded for claims that have progressed to a point where quantification is possible. This estimate includes projections based on historical rates and costs of settlement for similar claims.

Assessed taxes under appeal: Contingent liabilities include previously assessed federal taxes where amounts are being appealed to the Tax Court of Canada, the Federal Court of Canada, or the Supreme Court of Canada. As of March 31, 2017, $5,588 million ($5,780 million in 2016) was being appealed to the courts. The Government has recorded, in the amounts payable to taxpayers or in reduction of the amounts receivable from taxpayers, as applicable, the estimated amount of appeals that are considered likely to be lost and that can be reasonably estimated.

(d) Insurance programs of agent enterprise Crown corporations

Four agent enterprise Crown corporations operate insurance programs for the Government. In the event that the corporations have insufficient funds, the Government will have to provide financing. The Canada Deposit Insurance Corporation operates the Deposit Insurance Fund which provides basic protection coverage to depositors for up to $100,000 deposited with each member bank, trust or loan company; the Canada Mortgage and Housing Corporation operates the Mortgage Insurance Fund which provides insurance for mortgage lending on Canadian housing by private institutions and the Mortgage-Backed Securities Guarantee Fund which guarantees the timely payment of the principal and interest for investors of securities based on the *National Housing Act* through the Mortgage-Backed Securities program and the bonds issued by the Canada Housing Trust through the Canada Mortgage Bond program; Export Development Canada provides export and foreign investment insurance to help with export trade; and Farm Credit Canada sells group creditor life and accident insurance to its customers through a program administered by a major insurance provider. At March 31, 2017, total insurance in force amounts to $1,728,312 million ($1,672,619 million in 2016). The Government expects that all four corporations will cover the cost of both current claims and possible future claims.

Further details on contingent liabilities can be found in Section 11 (unaudited) of this volume.

7. Environmental liabilities and asset retirement obligations

Environmental liabilities and asset retirement obligations include:

(in millions of dollars)

	2017	2016
Gross remediation liability for contaminated sites	5,944	6,274
Less expected recoveries	(27)	(31)
Net remediation liability for contaminated sites	5,917	6,243
Other environmental liabilities	184	272
Asset retirement obligations	6,498	6,767
Total environmental liabilities and asset retirement obligations	12,599	13,282

(a) Remediation of contaminated sites

The Government has developed a "Federal Approach to Contaminated Sites" which incorporates a risk-based approach to the management of contaminated sites. Under this approach the Government has inventoried the contaminated sites on federal lands that have been identified, allowing them to be classified, managed and recorded in a consistent manner. This systematic approach aids in the identification of the high risk sites in order to allocate limited resources to those sites which pose the highest risk to the environment and human health.

The Government has identified approximately 7,500 sites (7,900 sites in 2016) where contamination may exist and assessment, remediation and monitoring may be required. Of these, the Government has identified approximately 2,400 sites (2,400 sites in 2016), where action is possible and for which a gross liability of $5,705 million ($5,954 million in 2016) has been recorded. This liability estimate has been determined based on site assessments performed by environmental experts. In addition, a statistical model based upon a projection of the number of sites that will proceed to remediation and upon which current and historical costs are applied is used to estimate the liability for a group of unassessed sites. As a result, there are 4,100 unassessed sites (4,300 sites in 2016) where a liability estimate of $239 million ($320 million in 2016) has been recorded using this model. These two estimates combined, totalling $5,944 million ($6,274 million in 2016), represents the Government's best estimate of the costs required to remediate sites to the current minimum standard for its use prior to contamination, based on information available on March 31.

For the remaining 1,000 sites (1,200 sites in 2016), no liability for remediation has been recognized. Some of these sites are at various stages of testing and evaluation and if remediation is required, liabilities will be reported as soon as a reasonable estimate can be determined. For other sites, the Government does not expect to give up any future economic benefits (there is likely no significant environmental impact or human health threats). These sites will be re-examined and a liability for remediation will be recognized if future economic benefits will be given up.

The following table presents the total estimated amounts of these liabilities by nature and source, the associated expected recoveries and the total undiscounted future expenditures as at March 31, 2017 and March 31, 2016. When the liability estimate is based on a future cash requirement, the amount is adjusted for inflation using a forecast CPI rate of 2 per cent (2 per cent in 2016). Inflation is included in the undiscounted amount. The Government of Canada's Consolidated Revenue Fund lending rate applicable to loans with similar terms to maturity has been used to discount the estimated future expenditures. For remediation costs with estimated future cash flows spanning more than 25 years, the Government of Canada's 25-year Consolidated Revenue Fund lending rate is used as the discount rate.

March 2017 discount rates range from 0.89 per cent (0.62 per cent in 2016) for 2 year term to 2.55 per cent (2.13 per cent in 2016) for a 25 or greater year term.

(in millions of dollars)

	2017				2016			
	Number of sites	Estimated liability	Estimated total undiscounted expenditures	Estimated recoveries	Number of sites	Estimated liability	Estimated total undiscounted expenditures	Estimated recoveries
Former mineral exploration sites[1]	113	2,942	5,828	27	111	3,160	5,954	31
Radioactive material[2]	8	1,088	1,220	–	5	1,116	1,298	–
Military and former military sites[3]	252	519	535	–	288	574	594	–
Fuel related practices[4]	1,331	367	377	–	1,203	385	393	–
Marine facilities/aquatic sites[5]	2,894	369	399	–	3,294	290	301	–
Landfill/waste sites[6]	971	292	303	–	938	359	370	–
Other[7]	892	367	373	–	900	390	393	–
Total	6,461	5,944	9,035	27	6,739	6,274	9,303	31

[1] Contamination associated with former mine activities, e.g. heavy metals, petroleum hydrocarbons, etc. Sites often have multiple sources of contamination.

[2] Contamination associated with former nuclear operations, e.g. low-level radioactive waste, radioactive isotopes.

[3] Contamination associated with the operations of military and former military sites where activities such as fuel handling and storage activities, waste sites, metals/PCB-based paint used on buildings resulted in former or accidental contamination, e.g. petroleum hydrocarbons, PCBs, heavy metals. Sites often have multiple sources of contamination.

[4] Contamination primarily associated with fuel storage and handling, e.g., accidental spills related to fuel storage tanks or former fuel handling practices, e.g. petroleum hydrocarbons, polyaromatic hydrocarbons and BTEX (benzene, toluene, ethylbenzene and xylenes).

[5] Contamination associated with the operations of marine assets, e.g., port facilities, harbours, navigation systems, light stations, hydrometric stations, where activities such as fuel storage/handling, use of metal based paint on light stations resulted in former or accidental contamination, e.g. metals, petroleum hydrocarbons, polyaromatic hydrocarbons and other organic contaminants. Sites often have multiple sources of contamination.

[6] Contamination associated with former landfill/waste site or leaching from materials deposited in the landfill/waste site, e.g. metals, petroleum hydrocarbons, BTEX, other organic contaminants, etc.

[7] Contamination from other sources, e.g. use of pesticides, herbicides, fertilizers at agricultural sites; use of PCBs, firefighting training areas, firing ranges and training facilities, the operations of assets such as airports, railways and roads where activities such as, fuel storage/handling, waste sites, and chemical storage areas resulted in former or accidental contamination, e.g. metals, petroleum hydrocarbons, polyaromatic hydrocarbons, BTEX and other organic contaminants.

Also during the year 800 sites (1,200 sites in 2016) were closed as they were either remediated or assessed to confirm that they no longer meet all the criteria required to record a liability for contaminated sites.

(b) Other environmental liabilities

The Government has identified approximately 635 UXO suspected sites (893 in 2016) for which clearance action may be necessary. Of these sites, 68 (61 in 2016) are confirmed UXO affected sites. Based on the Government's best estimates, a liability of $184 million ($272 million in 2016) has been recorded for clearance action on 10 of the confirmed UXO sites (10 in 2016). Remediation has been done on one of the sites (14 in 2016) and it will be closed in the next fiscal year. The remaining 624 suspect sites are currently in the assessment stage and a reasonable estimate cannot yet be determined. Of these sites, the obligation for clearance action is likely for 68 of them, indeterminable for 146 and unlikely for the 410 remaining.

(c) Asset retirement obligations

The asset retirement obligation is $6,498 million ($6,767 million in 2016) of which Atomic Energy of Canada Ltd. has recorded $6,492 million ($6,763 million in 2016) for nuclear facility decommissioning.

The changes in the asset retirement obligations during the year are as follows:

(in millions of dollars)

	2017	2016
Opening balance	6,767	6,502
Liabilities settled	(251)	(219)
Revision in estimate	(280)	233
Accretion expense[1]	262	251
Closing balance	6,498	6,767

[1] Accretion expense is the increase in the carrying amount of an asset retirement obligation due to the passage of time.

The undiscounted future expenditures, adjusted for inflation, for the plan projects comprising the liability are $16,546 million ($17,614 million at March 31, 2016).

Key assumptions used in determining the provision are as follows:

	2017	2016
Weighted average discount rate	3.88%	3.88%
Discount period	147 years	148 years
Long-term rate of inflation	1.70%	1.70%

The Government's ongoing efforts to assess contaminated sites, UXO affected sites and asset retirement obligations may result in additional environmental liabilities.

8. Unmatured debt

Unmatured debt includes:

(in millions of dollars)

	2017	2016
Market debt		
Payable in Canadian currency	677,513	647,244
Payable in foreign currencies	17,609	22,482
Total	695,122	669,726
Unamortized discounts and premiums on market debt	5,322	5,047
Market debt including unamortized discounts and premiums	700,444	674,773
Cross currency swap revaluations	7,764	8,391
Obligation related to capital leases	3,226	3,477
Other unmatured debt	2,199	1,570
Total unmatured debt	713,633	688,211

Unamortized discounts result from Treasury bills and Canada bills which are issued at a discount in lieu of interest. Discounts or premiums also result from the Government's bond buyback program and from issuance of market debt when the face value of the instrument issued differs from the proceeds received. The unamortized portion represents the amount of premium and discount that has not yet been recorded to public debt charges.

At March 31, 2017, the fair value of market debt including unamortized discounts and premiums is $751,856 million ($742,648 million in 2016). For marketable bonds denominated in Canadian dollars and foreign currencies, treasury bills issued in Canadian dollars, Canada bills and medium-term notes issued in US dollars and Euros, fair values are established using market quotes or the discounted cash flow calculated using year-end market interest and exchange rates.

The Government has entered into individual cross-currency swap contracts with various counterparties. Terms and conditions associated with these outstanding contracts are established using International Swaps and Derivatives Association (ISDA) master agreements, which are in place with each counterparty. Cross-currency swaps are used primarily to fund foreign-denominated asset levels in the foreign exchange accounts.

Included in Cross-currency swap revaluations is $1,636 million ($757 million at March 31, 2016) related to individual cross-currency swap contracts that have a net foreign-exchange asset value to the Government upon revaluation and $9,400 million ($9,148 million at March 31, 2016) relating to individual cross-currency swap contracts that have a net foreign-exchange liability value, resulting in an overall cross-currency swap net liability revaluation of $7,764 million ($8,391 million at March 31, 2016).

(a) Market debt

The following table presents the contractual maturity of debt issues and interest rates by currency and type of instrument at gross value (in Canadian dollars) and the effective average annual interest rates as at March 31, 2017:

(in millions of dollars)

	Marketable bonds					Canada bills	Medium-term notes		
Maturing year	CAD	USD	Euro	Treasury bills	Retail debt[1]	USD	USD	Euro	Total
2018	68,132	4,654	—	136,700	920	3,521	—	—	213,927
2019	91,357	4,011	—	—	1,682	—	332	—	97,382
2020	69,250	5	2,838	—	1,260	—	1,230	—	74,583
2021	40,467	—	—	—	321	—	765	213	41,766
2022	49,851	—	—	—	350	—	67	—	50,268
2023 and subsequent	216,805	—	—	—	—	—	—	—	216,805
	535,862	8,670	2,838	136,700	4,533	3,521	2,394	213	694,731
Less: Government holdings of unmatured debt and consolidation adjustment[2]	(418)	27	—	—	—	—	—	—	(391)
Total market debt	536,280	8,643	2,838	136,700	4,533	3,521	2,394	213	695,122
Nature of interest rate[3]	Fixed[4]	Fixed	Fixed	Variable	Variable	Variable	Fixed and variable	Fixed	
Effective weighted average annual interest rates	2.26	1.38	3.50	0.54	0.66	0.77	1.14	0.15	
Range of interest rates	0.25 - 10.50	1.13 - 9.70	3.50	0.46 - 0.65	0.50 - 1.40	0.42 - 1.02	0.95 - 2.30	0.15	

Details can be found in Section 6 (unaudited) of this volume.

[1] Includes $3,266 million of Canada savings bonds having fixed dates of maturity which are redeemable on demand.

[2] Includes $27 million of securities held for the retirement of unmatured debt, $4 million of securities held by consolidated Crown corporations and other entities and $422 million of borrowings by consolidated agent Crown corporations.

[3] Debt with terms to maturity of less than one year is considered to have a variable interest rate. For marketable bonds and foreign currency notes, some of the fixed interest rates were converted into variable interest rates through swap agreements.

[4] Includes real return bonds which have a variable component based on the consumer price index.

(b) Obligation related to capital leases

The total obligation related to capital leases as at March 31, 2017, is $3,226 million ($3,477 million in 2016). Interest on this obligation of $200 million ($209 million in 2016) is reported in the Consolidated Statement of Operations and Accumulated Deficit as part of public debt charges. Future minimum lease payments are summarized as follows:

(in millions of dollars)

Year	2017
2018	495
2019	464
2020	358
2021	302
2022	287
2023 and subsequent	3,159
Total minimum lease payments	5,065
Less: imputed interest at the average discount rate of 5.58 per cent	1,839
Obligation related to capital leases	3,226

Details can be found in Section 6 (unaudited) of this volume.

A significant number of leases have a duration from inception that falls within the range of 10 to 25 years.

9. Public sector pensions and other employee and veteran future benefits

(a) Overview of benefit plans

i. Pension benefits

The Government sponsors a number of defined benefit pension plans covering substantially all the employees of the federal public service, as well as certain Public Service corporations as defined in the *Public Service Superannuation Act*, territorial governments, members of the Canadian Forces (including the Reserve Force), members of the Royal Canadian Mounted Police, federally appointed judges and Members of Parliament, including Senators. The public service, Canadian Forces—Regular Force and Royal Canadian Mounted Police pension plans represent the three main public sector pension plans sponsored by the Government. In addition, some of the consolidated Crown corporations and other entities maintain their own defined benefit pension plans covering substantially all of their employees. In this note, the term "employees" is used in a general manner to apply to plan members of the different groups.

The defined benefit pension plans are designed to provide employees with a retirement income during their lifetime and, in the case of Government-sponsored plans, are indexed to inflation. The indexation for Crown corporations and other entities pension plans varies depending on the specific plan. In the event of death, the pension plans also provide an income for a plan member's eligible survivors and dependants.

Pension benefits generally accrue as follows:

> For the three main public sector pension plans, pension benefits generally accrue based on a member's average earnings during the best five consecutive years of earnings and years of pensionable service. Plan members can accumulate up to a maximum of 35 years at a rate of two per cent per year of pensionable service. Pension benefits are coordinated with the Canada and the Quebec Pension Plan benefits.
>
> For the Canadian Forces—Reserve Force pension plan, pension benefits accrue based on total pensionable service and pensionable earnings over the service period.
>
> For the Members of Parliament retiring allowance plan, basic allowances accrue at a rate of three per cent per year of pensionable service multiplied by the average of the best five consecutive years of sessional indemnity and/or pensionable earnings up to a maximum of 75 per cent of the plan member's average sessional indemnity and/or pensionable earnings as applicable. For service after December 31, 2015, retiring allowance benefits are coordinated with the Canada and the Quebec Pension Plan benefits at age 60. Members of Parliament are entitled to benefits after they have contributed to the plan for at least six years.
>
> For federally appointed judges, pension benefits do not have an explicit accrual rate. Instead, federally appointed judges may retire with a pension equivalent to two thirds of the salary annexed to their office, once the member has completed 15 years of pensionable service and the sum of the member's age and years of service equals 80 or more.
>
> For the consolidated Crown corporations and other entities pension plans, pension benefits accrue depending on the terms of the plans; generally based on a combination of an accrual rate per years of pensionable service and pensionable earnings average as per plan terms. Some plans are closed to new entrants.

ii. Other future benefits

In addition to pension plans, the Government and the consolidated Crown corporations and other entities sponsor different types of future benefit plans, with varying terms and conditions. The benefits are available to employees during or after employment or upon retirement. Other future benefits include disability and associated benefits available to war veterans, current and retired members of the Canadian Forces and the Royal Canadian Mounted Police, their survivors and dependants, health care and dental benefits available to retired employees and their dependants, accumulated sick leave entitlements, severance benefits and workers' compensation benefits.

(b) Financing arrangements

The Government has a statutory obligation to pay the pension benefits it sponsors. Pursuant to pension legislation, the transactions for funded and unfunded pension benefits are tracked in the pension accounts within the accounts of Canada. The details (unaudited) of the pension accounts can be found in Section 6 of this volume.

i. Funded pension benefits

The pension plans are generally financed from employee and employer contributions, as well as investment earnings. Pension benefits funded by the Government relate to post March 2000 service that falls within the *Income Tax Act* limits for the three main public sector pension plans and all service for the Canadian Forces—Reserve Force pension plan. An amount equal to contributions less benefit payments and other charges is invested by the Public Sector Pension Investment Board (PSPIB). Funded pension benefits also relate to consolidated Crown corporations and other entities where pension plans' funds are held in external trusts that are legally separate from Crown corporations and other entities.

ii. Unfunded pension benefits

For unfunded pension benefits, separate market invested funds are not maintained. These relate to all pre April 2000 service, and only to post March 2000 service that falls above the *Income Tax Act* limits for the three main public sector pension plans, all service periods for the pension plans of the federally appointed judges and Members of Parliament, and some of the consolidated Crown corporation and other entity pension plans. Employee and employer contributions for unfunded pension benefits sponsored by the Government are part of general government funds. Contributions amounted to $408 million ($1,036 million in 2016) of which $352 million ($979 million in 2016) represents employer contributions and $56 million ($57 million in 2016) represents employee contributions.

iii. Other future benefits

Other employee and veteran future benefit plans sponsored by the Government and almost all of the other employee future benefits sponsored by the consolidated Crown corporations and other entities are unfunded. The health care and dental plans for retired employees are contributory plans, whereby contributions by retired plan members are made to obtain coverage. These contributions amounted to $332 million ($277 million in 2016). The cost of benefits earned and benefits paid are presented net of these contributions. Additional details can be found in Section 6 (unaudited) of this volume.

(c) Actuarial valuations

i. For funding purposes

Pursuant to the *Public Pensions Reporting Act*, actuarial valuations of the pension plans sponsored by the Government are performed at least every three years to determine the state of the pension plans, as well as to assist in making informed decisions regarding the financing of the Government's pension benefit obligations. The actuarial assumptions underlying the valuations are based on the actuary's best estimates.

The most recent triennial actuarial valuations were conducted as at March 31, 2014, for the public service pension plan; as at March 31, 2015, for the Royal Canadian Mounted Police pension plan; and as at March 31, 2016, for the Canadian Forces – Regular Force, Canadian Forces – Reserve Force, the Members of Parliament and the federally appointed judges pension plans, for which the valuations are currently in-progress.

Federally regulated private pension plans sponsored by consolidated Crown corporations and other entities are governed by the provisions of the *Pension Benefits Standards Act, 1985* and are required to adhere to the directives of the Superintendent of Financial Institutions. The actuarial valuations are conducted at least every three years, or more often depending on the financial situation of the plan.

ii. For accounting purposes

Actuarial valuations of the public sector pension and other employee and veteran future benefit plans are performed every year to measure and report the obligations and to attribute the costs of the benefits to the period. Actuarial valuations are conducted as at March 31, except for some of the consolidated Crown corporations and other entities for which the actuarial valuations are conducted as at December 31. The actuarial valuations are based on the most recent or any in-progress actuarial valuation for funding purposes, as applicable, in regards to the majority of the demographic assumptions. The other assumptions underlying the valuations are based on best estimates of the Government or of management of the consolidated Crown corporations and other entities.

(d) Changes to benefit plans

i. Plan amendments

In 2017, amendments were made to veteran future benefits, thereby improving and expanding access for certain benefits. These include:

the introduction of a new veterans' Education and Training Benefit;

enhancements to the Career Transition Services Program;

the replacement of the current Family Caregiver Relief Benefit with the Caregiver Recognition Benefit to provide a more generous monthly benefit payable directly to caregivers;

the elimination of the one-year application time limit for survivors on the Rehabilitation and Vocational Assistance Program; and

greater access to the Military Family Resource Centres for medically released veterans' families.

These amendments resulted in one-time past service costs of $353 million. Amendments were also made to the pension plan of a Crown corporation resulting in a one-time past service cost of $28 million and the immediate recognition of a previously unrecognized net actuarial gain of $12 million. With respect to the employee severance benefit plan, an amendment resulted in a one-time past service cost of $7 million.

In 2016, amendments to veteran future benefits resulted in one-time past service costs of $3,750 million and the immediate recognition of a previously unrecognized net actuarial gain of $8 million. Amendments to the pension plan of a Crown corporation resulted in a one-time past service cost of $19 million and the immediate recognition of a previously unrecognized net actuarial gain of $17 million. An amendment to employee severance benefits resulted in a one-time past service cost of $3 million and the immediate recognition of a previously unrecognized net actuarial gain of $3 million.

ii. Plan curtailments

On April 26, 2018, Civilian members of the RCMP will be deemed to be employees appointed under the *Public Service Employment Act*. Upon the deeming date, a transfer of RCMP Civilian member's pension entitlements accrued under the RCMP pension plan will be transferred to the public service pension plan. Although the transfer will not occur until fiscal year 2019, the impact of the decision has been reflected this year as a curtailment within the RCMP pension plan. This has resulted in a one-time past service cost reduction of $26 million in the RCMP pension plan and the immediate recognition of a previously unrecognized net actuarial gain of $12 million.

In 2011, the accumulation of severance benefits for voluntary departures ceased for certain employee groups. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. The curtailments this year resulted in a one-time past-service cost reduction of $48 million (nil in 2016) and the immediate recognition of a previously unrecognized net actuarial loss of $109 million ($2 million in 2016), representing the portion related to the obligation for employees subject to the curtailments.

iii. Plan settlements

In 2017, payments of $3 million ($63 million in 2016) were made to employees affected by the curtailments of severance benefits who opted to cash out the full or partial value of their accumulated benefits. The settlements did not result in the immediate recognition of a previously unrecognized net actuarial gain or loss (net actuarial loss of $28 million in 2016, representing the portion related to the obligation for employees subject to the settlements).

(e) Net future benefit liabilities

The accrued benefit obligations in respect of public sector pension and other employee and veteran future benefit plans are presented net of pension assets and unrecognized net actuarial gain or loss, as well as contributions and benefits paid by some of the consolidated Crown corporations and other entities after their measurement date of December 31 up to March 31, in the Consolidated Statement of Financial Position. The details are as follows:

i. Accrued benefit obligations

The changes in the accrued benefit obligations during the year were as follows:

(in millions of dollars)

	2017				2016			
	Pension benefits				Pension benefits			
	Funded	Unfunded	Total	Other future benefits	Funded	Unfunded	Total	Other future benefits
Accrued benefit obligations at beginning of year	118,061	165,665	283,726	120,690	109,375	163,088	272,463	106,263
Benefits earned	6,552	313	6,865	5,350	6,510	297	6,807	4,452
Interest on average accrued benefit obligations	5,585	6,907	12,492	2,783	4,781	7,412	12,193	2,549
Benefits paid	(2,944)	(8,817)	(11,761)	(4,697)	(2,623)	(8,813)	(11,436)	(4,617)
Administrative expenses	(78)	(91)	(169)	(74)	(87)	(104)	(191)	(70)
Net transfers to other plans	(548)	(88)	(636)	—	(575)	(106)	(681)	—
Plan amendments	28	—	28	360	19	—	19	3,750
Plan curtailments	(22)	(4)	(26)	(48)	—	—	—	—
Actuarial losses	3,722	2,597	6,319	5,516	661	3,891	4,552	8,363
Accrued benefit obligations at end of year	130,356	166,482	296,838	129,880	118,061	165,665	283,726	120,690

Details can be found in Section 6 (unaudited) of this volume.

ii. Pension assets

Pension assets include investments held by the PSPIB that are valued at market-related value; consolidated Crown corporations and other entities' investments, the majority of which are valued at fair value; and contributions receivable from employees for past service buyback elections.

The changes in pension assets during the year were as follows:

(in millions of dollars)

	2017		2016	
	Funded pension benefits	Other future benefits	Funded pension benefits	Other future benefits
Investments at beginning of year	121,692	2	110,760	3
Expected return on average value of investments	5,793	—	4,899	—
Contributions				
Employees	2,912	—	2,718	—
Public Service corporations, territorial governments and Crown corporations and other entities	333	2	360	1
Government	3,644	—	3,860	—
Benefits paid, transfers and others	(3,531)	(2)	(3,183)	(2)
Actuarial gains	5,100	—	2,278	—
Investments at end of year	135,943	2	121,692	2
Contributions receivable from employees for past service	643	—	601	—
Total pension assets at end of year	136,586	2	122,293	2

Details can be found in Section 6 (unaudited) of this volume.

No actuarial gain (nil in 2016) was incorporated in the market-related value of the investments to adjust for the limit of plus or minus 10 per cent in the difference between the market-related value and the market value of the investments at the end of the year.

At March 31, 2017, the market value of the investments is $145,565 million ($126,561 million in 2016). The actual rate of return of investments calculated on a time-weighted basis was 12.8 per cent (1.1 per cent in 2016) during the year.

iii. Net future benefit liabilities

A reconciliation of the accrued benefit obligations to the amounts of net future benefit liabilities follows:

(in millions of dollars)

	2017				2016			
	Pension benefits				Pension benefits			
	Funded	Unfunded	Total	Other future benefits	Funded	Unfunded	Total	Other future benefits
Accrued benefit obligations	130,356	166,482	296,838	129,880	118,061	165,665	283,726	120,690
Less: Pension assets	136,586	—	136,586	2	122,293	—	122,293	2
Subtotal	(6,230)	166,482	160,252	129,878	(4,232)	165,665	161,433	120,688
Plus: Unrecognized net actuarial gain (less loss)	8,682	(19,015)	(10,333)	(36,308)	7,752	(18,557)	(10,805)	(35,005)
Less:								
Contributions after measurement date up to March 31	13	—	13	—	40	—	40	—
Benefits paid after measurement date up to March 31	—	—	—	2	—	—	—	2
Net future benefit liabilities	2,439	147,467	149,906	93,568	3,480	147,108	150,588	85,681
The net future benefit liabilities were recognized and presented in the Consolidated Statement of Financial Position as follows:								
Public sector pension liabilities	4,339	147,467	151,806	—	5,119	147,108	152,227	—
Other employee and veteran future benefit liabilities	—	—	—	93,568	—	—	—	85,681
Total pensions and other future benefit liabilities	4,339	147,467	151,806	93,568	5,119	147,108	152,227	85,681
Less: Public sector pension assets	1,900	—	1,900	—	1,639	—	1,639	—
Net future benefit liabilities	2,439	147,467	149,906	93,568	3,480	147,108	150,588	85,681

Details can be found in Section 6 (unaudited) of this volume.

(f) Future benefit and interest expenses

The cost of public sector pension and other employee and veteran future benefit plans is comprised of benefit and interest expenses. Benefit expense of $15,215 million ($16,648 million in 2016) and interest expense of $9,482 million ($9,843 million in 2016) are included in the Consolidated Statement of Operations and Accumulated Deficit. The components of the benefit and interest expenses are as follows:

(in millions of dollars)

	2017				2016			
	Pension benefits				Pension benefits			
	Funded	Unfunded	Total	Other future benefits	Funded	Unfunded	Total	Other future benefits
Benefit expense								
Benefits earned, net of employee contributions	3,434	256	3,690	5,350	3,586	239	3,825	4,452
Actuarial (gains) losses recognized during the year	(451)	2,124	1,673	4,103	(338)	1,481	1,143	3,454
Plan amendments	28	—	28	360	19	—	19	3,750
Plan curtailments	(22)	(4)	(26)	(48)	—	—	—	—
Actuarial (gains) losses recognized following plan amendments, curtailments and settlements	(39)	15	(24)	109	(17)	—	(17)	22
Total	2,950	2,391	5,341	9,874	3,250	1,720	4,970	11,678
Interest expense								
Interest on average accrued benefit obligations	5,585	6,907	12,492	2,783	4,781	7,412	12,193	2,549
Expected return on average market-related value of investments	(5,793)	—	(5,793)	—	(4,899)	—	(4,899)	—
Total	(208)	6,907	6,699	2,783	(118)	7,412	7,294	2,549

Details can be found in Section 6 (unaudited) of this volume.

(g) Actuarial assumptions

The assumptions used in the actuarial valuations for accounting purposes are based on the Government's or the consolidated Crown corporations and other entities management's best estimates of expected long-term experience and short-term forecasts, as well as the majority of the demographic assumptions underlying the most recent or any in-progress actuarial valuations for funding purposes. The assumptions include estimates of future inflation, interest rates, returns on investments, general wage increases, workforce composition, retirement rates and mortality rates.

The discount rates used to measure the present value of the accrued benefit obligations, as well as the costs of benefits earned, plan amendments, plan curtailments, plan settlements and the interest expense, for public sector pensions and other employee and veteran future benefits sponsored by the Government are as follows:

for funded pension benefits, the streamed expected rates of return on invested funds;

for unfunded pension benefits, the streamed weighted average of Government of Canada long-term bond rates; and

for other future benefits, the expected Government of Canada long-term bond rate at the valuation date.

The streamed weighted average of Government of Canada long-term bond rates is a calculated 20-year weighted moving average of Government of Canada long-term bond rates projected over time. The streamed rates take into account historical Government of Canada long-term bond rates and, over time, reflect expected Government of Canada long-term bond rates.

The principal actuarial assumptions used in measuring the accrued benefit obligations as at March 31 for Government–sponsored plans, as well as the related future benefit and interest expenses for the year, were as follows:

	2017		2016	
	Accrued benefit obligations	Benefit and interest expenses	Accrued benefit obligations	Benefit and interest expenses
Discount rates[1]				
Funded pension benefits	5.7%	4.6%	5.8%	4.2%
Unfunded pension benefits	3.7%	4.4%	3.9%	4.8%
Other employee and veteran future benefits	2.4%	2.3%	2.3%	2.4%
Expected rate of return on investments	–	4.6%	–	4.2%
Long-term rate of inflation	2.0%	2.0%	2.0%	2.0%
Long-term general wage increase	2.6%	2.6%	2.6%	2.6%
Assumed health care cost trend rates				
Initial health care cost trend rate	5.4%	5.0%	5.0%	4.5%
Cost trend rate is expected to stabilize at	4.8%	4.8%	4.8%	4.8%
Year that the rate is expected to stabilize	2027	2026	2026	2024

[1] The streamed discount rates used to measure the accrued benefit obligations are equivalent to the flat discount rates presented in the table. The initial discount rates used to measure the benefit expense are presented in the table whereas the ultimate discount rates are expected to reach 6.0 per cent by 2028 (6.1 per cent by 2025 in 2016) for the funded pension benefits and 4.7 per cent by 2045 (4.7 per cent by 2041 in 2016) for the unfunded pension benefits. The interest expense is calculated using the discount rates presented in the table.

The discount rates used to measure the significant classes of pensions and other employee future benefits sponsored by the consolidated Crown corporations and other entities are based on a variety of methodologies. To measure the present value of their accrued benefit obligations, these consolidated Crown corporations and other entities used expected rates of return on invested funds ranging from 5.3 per cent to 6.0 per cent (5.2 to 6.0 per cent in 2016) for the funded pension benefits, discount rates ranging from 2.2 per cent to 3.8 per cent (2.0 to 3.8 per cent in 2016) for the unfunded pension benefits and discount rates ranging from 2.1 per cent to 3.8 per cent (2.0 to 3.8 per cent in 2016) for the other employee future benefits. The long-term general wage increase ranged from 2.8 per cent to 3.8 per cent (2.8 to 3.8 per cent in 2016). The long-term inflation rate has remained consistent at 2.0 per cent (2.0 per cent in 2016).

The expected average remaining service life (EARSL) of the employees represent periods ranging from 4 to 23 years (4 to 23 years in 2016) according to the plan in question; more specifically, from 11 to 15 years (11 to 15 years in 2016) for the three main public sector pension plans. The average remaining life expectancy (ARLE) of the benefit recipients under wartime veteran plans represent periods ranging from 6 years to 11 years (6 to 11 years in 2016).

(h) Sensitivity analysis

Changes in assumptions can result in significantly higher or lower estimates of the accrued benefit obligations. The table below illustrates the possible impact of a one per cent change in the principal actuarial assumptions. Note that for the sensitivity to the discount rates, the one per cent change was considered only for the future expected Government of Canada long-term bond rates and not for the historical Government of Canada long-term bond rates included in the determination of the streamed discount rates used to measure the unfunded pension benefits sponsored by the Government.

(in millions of dollars)

	2017			2016		
	Pension benefits			Pension benefits		
	Funded	Unfunded	Other future benefits	Funded	Unfunded	Other future benefits
Possible impact on the accrued benefit obligations due to:						
Increase of 1% in discount rates	(20,000)	(6,400)	(21,300)	(18,100)	(8,700)	(19,800)
Decrease of 1% in discount rates	26,100	7,700	29,100	23,900	9,600	27,200
Increase of 1% in rate of inflation	17,200	21,200	25,800	15,500	21,200	24,500
Decrease of 1% in rate of inflation	(14,100)	(17,700)	(19,300)	(12,800)	(17,600)	(18,300)
Increase of 1% in general wage increase	6,500	1,000	300	6,200	1,100	400
Decrease of 1% in general wage increase	(5,800)	(800)	(300)	(5,500)	(1,000)	(400)
Increase of 1% in assumed health care cost trend rates	–	–	8,500	–	–	8,800
Decrease of 1% in assumed health care cost trend rates	–	–	(6,200)	–	–	(6,400)

10. Other liabilities

Other liabilities include:

(in millions of dollars)

	2017	2016
Due to Canada Pension Plan	106	35
Others		
Government Annuities Account	120	134
Deposit and trust accounts	1,345	1,445
Other specified purpose accounts	4,118	3,988
	5,583	5,567
Total other liabilities	5,689	5,602

Details and the audited consolidated financial statements of the Canada Pension Plan can be found in Section 6 (unaudited) of this volume.

(a) Due to Canada Pension Plan

As explained in Note 1, the financial activities of the Canada Pension Plan (CPP) are not included in these consolidated financial statements.

The CPP is a federal/provincial social insurance program established by an Act of Parliament. It is compulsory and in operation in all parts of Canada, except for the Province of Quebec. The objective of the program is to provide a measure of protection to workers and their families against the loss of earnings due to retirement, disability or death. The CPP is financed from employees, employers and self-employed workers contributions, as well as investments earnings. The CPP's investments are held and managed by the Canada Pension Plan Investment Board (CPPIB). As administrator of the CPP, the Government's authority to provide benefits is limited to the consolidated net assets of the CPP. At March 31, 2017, the fair value of the CPP's consolidated net assets is $320,895 million ($283,575 million in 2016).

Pursuant to the *Canada Pension Plan Act*, the transactions of the CPP are recorded in the Canada Pension Plan Account (the Account) within the accounts of Canada. The Account also records the amounts transferred to or received from the CPPIB. The $106 million ($35 million in 2016) balance in the Account represents the CPP's deposit with the Receiver General for Canada and, therefore, is reported as a liability to the CPP.

(b) Others

Deposit and trust accounts are a group of liabilities representing the Government's financial obligations in its role as administrator of certain funds that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by negotiable securities, these are deducted from the corresponding accounts to show the Government's net liability. Certain accounts earn interest which is charged to interest on the public debt. One of the largest deposit and trust accounts is the Indian band funds account in the amount of $645 million ($710 million in 2016). This account was established to record funds belonging to Indian bands throughout Canada pursuant to the *Indian Act*.

Other specified purpose accounts are liability accounts that are used to record transactions made under authorities obtained from Parliament through either the *Financial Administration Act* or other specific legislation. Certain accounts earn interest which is charged to interest on the public debt. The largest other specified purpose account is the Public Service Death Benefit Account totalling $3,627 million ($3,527 million in 2016). This account was established under the *Public Service Superannuation Act* to provide life insurance to contributing members of the public service.

11. Cash and cash equivalents

Cash and cash equivalents are as follows:

(in millions of dollars)

	2017	2016
Cash[1]	30,175	32,335
Cash equivalents	6,325	6,235
Total cash and cash equivalents	36,500	38,570

Details can be found in Section 7 (unaudited) of this volume.

[1] Included in cash is $20,000 million ($20,000 million in 2016) which has been designated as a deposit held at the Bank of Canada with respect to prudential liquidity management undertaken by the Government.

12. Taxes and other accounts receivable

Taxes receivable represent tax revenues that were assessed by year end as well as amounts receivable due to the accrual of tax revenues as at March 31. These accrued receivables are not due until the next fiscal year. They also include other receivables for amounts collectible through the tax system such as provincial and territorial taxes, Employment Insurance premiums and Canada Pension Plan contributions.

The Government has established an allowance for doubtful accounts of $14,253 million ($14,330 million in 2016) and has recorded a bad debt expense of $2,759 million ($3,833 million in 2016). The allowance for doubtful accounts is management's best estimate of the collectability of amounts that have been assessed, including the related interest and penalties. The allowance for doubtful accounts has two components. A general allowance is calculated based on the age and type of tax accounts using rates based on historical collection experience. A specific allowance is calculated based on an annual review of all accounts over $10 million. The allowance for doubtful accounts is adjusted every year through a provision for doubtful accounts and is reduced by amounts written off as uncollectible during the year. The annual provision is reported as a bad debt expense which is charged against other expenses. The details of the taxes receivable and allowance for doubtful accounts are as follows:

(in millions of dollars)

	2017			2016		
	Total taxes receivable	Allowance for doubtful accounts	Net	Total taxes receivable	Allowance for doubtful accounts	Net
Income taxes receivable						
Individuals	59,811	7,062	52,749	60,869	6,997	53,872
Employers	21,592	1,181	20,411	19,569	1,135	18,434
Corporations	18,916	2,814	16,102	18,184	2,529	15,655
Non-residents	1,729	142	1,587	1,511	132	1,379
Goods and services tax receivable	20,281	2,502	17,779	17,959	2,962	14,997
Customs duties receivable	604	38	566	268	103	165
Excise taxes and duties receivable	1,834	514	1,320	1,818	472	1,346
Total	124,767	14,253	110,514	120,178	14,330	105,848

Details can be found in Section 7 (unaudited) of this volume.

Other accounts receivable represent billed or accrued financial claims arising from amounts owed to the Government at year end, and cash collateral pledged to counterparties.

Billed or accrued financial claims arising from amounts owed to the Government total $6,535 million ($6,311 million in 2016) and are presented net of an allowance for doubtful accounts of $2,367 million ($2,598 million in 2016). Further details can be found in Section 7 (unaudited) of this volume.

Cash collateral pledged to counterparties of $6,873 million ($6,557 million in 2016) represents collateral support under International Swaps and Derivatives Association (ISDA) master agreements in respect of outstanding cross-currency swap arrangements. Further details can be found in Note 16.

13. Foreign exchange accounts

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations.

The Government holds certain investments in its Exchange Fund Account to provide general liquidity and to promote orderly conditions in the foreign exchange market for the Canadian dollar. As at March 31, 2017, the fair value of the marketable securities held in the Exchange Fund Account is $82,512 million ($87,347 million in 2016), established using market quotes or other available market information. Further details on these investments are provided in the unaudited financial statements of the Exchange Fund Account in Section 8 of this volume.

Subscriptions and loans to the International Monetary Fund (IMF) and special drawing rights allocations are denominated in special drawing rights (SDR). The SDR serves as the unit of account for the IMF and its value is based on a basket of key international currencies (US dollar, Euro, Japanese yen, British pound sterling and Chinese renminbi (as of October 1, 2016)). Canada participates in three lending arrangements with the IMF along with a group of other member countries. Collectively, maximum direct lending under the arrangements is limited to no more than the equivalent of SDR 12,967 million ($23,399 million) at March 31, 2017.

The following table presents the balances of the foreign exchange accounts:

(in millions of dollars)

	2017	2016
International reserves held in the Exchange Fund Account		
Cash and cash equivalents		
US dollar	11,819	5,303
Euro	2,188	304
British pound sterling	131	114
Japanese yen	8	181
Short-term deposit	67	
Total	14,213	5,902
Marketable securities		
US dollar	53,723	56,638
Euro	17,937	20,162
British pound sterling	9,294	7,534
Japanese yen	1,323	712
Total	82,277	85,046
Special drawing rights	10,178	10,431
Total international reserves held in the Exchange Fund Account	106,668	101,379
International Monetary Fund		
Subscriptions	19,892	20,170
Loans	1,125	1,278
Total	127,685	122,827
Less: International Monetary Fund		
Special drawing rights allocations	10,806	10,956
Notes payable	18,082	18,332
Total	28,888	29,288
Total foreign exchange accounts	98,797	93,539

Details can be found in Section 8 (unaudited) of this volume.

14. Enterprise Crown corporations and other government business enterprises

(a) Enterprise Crown corporations and other government business enterprises

The following table presents the Government's recorded loans, investments and advances in significant enterprise Crown corporations and other government business enterprises:

(in millions of dollars)

	2017	2016
Investments		
Canada Mortgage and Housing Corporation	21,406	19,939
Export Development Canada	9,091	8,889
Farm Credit Canada	5,741	5,354
Business Development Bank of Canada	5,917	5,323
Canada Port Authorities	2,931	2,710
Canada Deposit Insurance Corporation	2,236	2,116
Canada Development Investment Corporation	486	461
Canada Post Corporation	(600)	(2,157)
Other	854	845
Total investments	48,062	43,480
Loans and advances		
Farm Credit Canada	25,684	23,438
Business Development Bank of Canada	18,811	16,942
Canada Mortgage and Housing Corporation	9,811	10,531
Other	455	340
Total loans and advances	54,761	51,251
Less:		
Loans expected to be repaid from future appropriations	3,353	3,571
Unamortized discounts and premiums	43	44
	3,396	3,615
Total loans, investments and advances to enterprise Crown corporations and other government business enterprises	99,427	91,116

Details can be found in Section 9 (unaudited) of this volume

The following table presents the summary financial position and results of enterprise Crown corporations and other government business enterprises:

(in millions of dollars)

	2017			2016		
	Third Parties	Government, Crown corporations and other entities	Total	Third Parties	Government, Crown corporations and other entities	Total
Assets						
Financial assets	393,207	106,668	499,875	376,128	101,099	477,227
Non-financial assets	9,277		9,277	8,907		8,907
Total assets	402,484	106,668	509,152	385,035	101,099	486,134
Liabilities	382,180	78,298	460,478	367,154	74,878	442,032
Equity of Canada as reported			48,674			44,102
Elimination adjustments			(612)			(622)
Equity of Canada			48,062			43,480
Revenues	23,787	5,240	29,027	26,296	4,319	30,615
Expenses	22,421	1,516	23,937	21,630	1,534	23,164
Profit as reported			5,090			7,451
Adjustments and others			(170)			(135)
Profit			4,920			7,316
Other changes in equity						
Other comprehensive income (loss)			1,857			(2,669)
Dividends[1]			(2,320)			(4,002)
Capital[2]			125			(973)
			4,582			(328)
Equity of Canada at beginning of year			43,480			43,808
Equity of Canada at end of year			48,062			43,480
Contractual obligations			45,835			47,222
Contingent liabilities			3,196			2,957

Details can be found in Section 9 (unaudited) of this volume.

[1] Amounts reported as dividends include $51 million ($2,140 million in 2016) from Canada Development Investment Corporation, $1,111 million ($1,114 million in 2016) from the Bank of Canada and $786 million ($500 million in 2016) from Export Development Canada.

[2] Amounts reported as capital include a return of capital of nil ($1,123 million in 2016) from Canada Development Investment Corporation and a purchase of common shares of $125 million ($150 million in 2016) from Business Development Bank of Canada.

(b) Non-public property

Non-public property (NPP), as defined under the *National Defence Act*, consists of money and property contributed to or by Canadian Forces members and is administered for their benefit and welfare by the Canadian Forces Morale and Welfare Services (CFMWS). The CFMWS is responsible for delivering selected morale and welfare programs, services and activities through three operational divisions, Canadian Forces Exchange System (CANEX), Personnel Support Programs and Service Income Security Insurance Plan (SISIP) Financial Services. Under the *National Defence Act*, NPP is explicitly excluded from the *Financial Administration Act*. The Government provides some services related to NPP activities such as accommodation and security for which no amount is charged. The cost of providing these services is included in the consolidated financial statements of the Government of Canada. In 2017, CFMWS administered estimated revenues and expenses of $420 million ($303 million in 2016) and $396 million ($301 million in 2016) respectively and had net equity of $755 million at March 31, 2017 ($740 million at March 31, 2016). These amounts are excluded from the consolidated financial statements of the Government of Canada.

15. Other loans, investments and advances

The following table presents a summary of the balances of other loans, investments and advances by category:

(in millions of dollars)

	2017	2016
National governments, including developing countries and international organizations		
National governments including developing countries	1,015	966
International organizations	21,864	21,161
Total	22,879	22,127
Other loans, investments and advances		
Provincial and territorial governments	293	419
Other loans, investments and advances	29,639	29,671
Total	29,932	30,090
Total	52,811	52,217
Less: allowance for valuation	28,232	27,376
Total other loans, investments and advances	24,579	24,841

Details can be found in Section 9 (unaudited) of this volume.

The following table presents a summary of the balances of other loans, investments and advances by currency:

(in millions of dollars)

	2017			2016
	Loans, investments and advances in base currency	Foreign exchange rate	Loans, investments and advances in CAD	Loans, investments and advances in CAD
Canadian dollar	47,302		47,302	46,756
US dollar	3,934	1.32990	5,232	5,166
Special drawing rights	143	1.80447	258	273
Various other currencies			19	22
Total			52,811	52,217

Loans to national governments consist mainly of loans for financial assistance totalling $400 million ($400 million in 2016), international development assistance to developing countries totalling $125 million ($155 million in 2016), and development of export trade totalling $489 million ($411 million in 2016) which are administered by Export Development Canada. Certain loans are non-interest bearing and others bear interest at rates varying from 0.1 per cent to 10.3 per cent. These loans are repayable over 1 to 29 years, with final instalments due in 2045.

Loans, investments and advances to international organizations include subscriptions to the share capital of international banks totalling $13,677 million ($13,191 million in 2016) as well as loans and advances to associations and other international organizations totalling $8,189 million ($7,970 million in 2016). These subscriptions are composed of both paid-in and callable capital. They do not provide a return on investment but are repayable on termination of the organization or withdrawal from it. Most loans and advances to international organizations are made to banks and associations that use these funds to make loans to developing countries at significant concessionary terms.

Loans to provinces and territories include loans made under relief acts and other legislation. Loans totalling $290 million ($416 million in 2016) are non-interest bearing and will be repaid by reducing transfer payments over 1 to 9 years.

Other loans, investments and advances include loans under the Canada Student Loans Program, loans for the development of export trade administered by Export Development Canada, unconditionally repayable contributions, and other investments in bonds, market funds and fixed income securities. Loans under the Canada Student Loans Program of $18,783 million ($18,235 million in 2016) are provided interest-free to full-time students and afterward bear interest at either a variable prime rate plus 2.5 per cent or a fixed prime rate plus 5.0 per cent. The repayment period is generally 10 years. Loans for the development of export trade of $2,533 million ($2,667 million in 2016) are either non-interest bearing or bear interest at rates varying from 1.0 per cent to 9.0 per cent. Collateral of $243 million ($291 million in 2016) is held on these loans and they are repayable over 1 to 5 years with final instalments due in 2022. At March 31, 2017, unconditionally repayable contributions were $3,398 million ($3,431 million in 2016) and other investments were $2,364 million ($2,651 million in 2016).

16. Tangible capital assets

Tangible capital assets consist of acquired, built, developed or improved tangible assets whose useful life extends beyond the fiscal year and which are intended to be used on an ongoing basis for producing goods or delivering services, including military activities. Tangible capital assets include: land; buildings; works and infrastructure; machinery and equipment including computer hardware and software; vehicles including ships, aircraft and others; leasehold improvements; and assets under construction. Tangible capital assets also include assets under capital lease. Renewal options for assets under capital leases are typically for periods of 3 to 5 years and are exercisable at the discretion of the lessee. Detailed information on tangible capital assets is provided in Section 10 (unaudited) of this volume.

Except for land, the cost of tangible capital assets used in Government operations is generally amortized on a straight-line basis over the estimated useful life of the asset as follows:

Buildings	10 to 60 years
Works and infrastructure[1]	10 to 80 years
Machinery and equipment	2 to 30 years
Vehicles	2 to 40 years
Leasehold improvements	lesser of useful life of improvement or lease term
Assets under construction	once in service, in accordance with asset type
Assets under capital leases	in accordance with asset type or over the lease term

[1] Except for the Confederation Bridge, which is amortized over 100 years.

The following table presents a summary of the transactions and balances for the main categories of tangible capital assets:

(in millions of dollars)

	Cost					Accumulated amortization						
	Opening balance	Acquisitions	Disposals	Adjustments[1]	Closing balance	Opening balance	Amortization expense	Disposals	Adjustments	Closing balance	Net book value 2017	Net book value 2016
Land	1,665	25	(9)	37	1,718	—	—	—	—	—	1,718	1,665
Buildings	30,578	65	(392)	1,435	31,686	15,629	816	(329)	107	16,223	15,463	14,949
Works and infrastructure	15,072	262	(159)	1,391	16,566	8,638	453	(119)	94	9,066	7,500	6,434
Machinery and equipment	35,585	804	(871)	2,125	37,643	25,734	1,703	(682)	350	27,105	10,538	9,851
Vehicles	41,031	257	(511)	1,212	41,989	24,664	1,770	(458)	(19)	25,957	16,032	16,367
Leasehold improvements	3,124	18	(16)	121	3,247	1,953	180	(14)		2,119	1,128	1,171
Assets under construction	12,574	7,042 [2]	(76)	(4,888)	14,652		—	—	—	—	14,652	12,574
Assets under capital leases	4,965	74 [2]	(33)	(104)	4,902	2,138	246	(31)	(96)	2,257	2,645	2,827
Total	144,594	8,547	(2,067)	1,329	152,403	78,756	5,168	(1,633)	436	82,727	69,676	65,838

[1] Adjustments include assets under construction of $4,915 million that were transferred to other categories upon completion of the assets.

[2] Acquisitions of $639.1 million in assets under construction through public-private partnership arrangements (including $33.8 million in interest) and assets under capital leases do not involve the use of cash and are therefore excluded from the Consolidated Statement of Cash Flow.

17. Financial instruments

The Government uses various financial instruments to manage financial risks associated with its financial assets and liabilities. The Government does not hold or use derivative instruments for trading or speculative purposes.

(a) Derivative financial instruments

i. Swap agreements

Government debt is issued at both fixed and variable interest rates and is denominated in Canadian dollars, US dollars and Euros. The Government has entered into cross currency swap agreements to facilitate management of its debt structure. Using cross currency swap agreements, Canadian dollar and other foreign currency debt has been converted into US dollars or other foreign currencies with either fixed interest rates or variable interest rates. As a normal practice, the Government's swap positions are held to maturity.

The interest paid or payable and the interest received or receivable on all swap transactions are recorded as part of public debt charges. Unrealized gains or losses due to fluctuations in the foreign exchange value of the swaps are presented in the cross currency swap revaluation account and are recognized as part of net foreign exchange revenues in the Consolidated Statement of Operations and Accumulated Deficit.

The Government enters into two-way Credit Support Annex agreements for cross currency swaps with certain counterparties pursuant to International Swaps and Derivatives Association (ISDA) master agreements. Under the terms of those agreements, the Government may be required to pledge and/or receive eligible collateral relating to obligations to the counterparties. In the normal course of business, these pledged collateral amounts (which may include cash and/or securities) will be returned to the pledgor when there are no longer any outstanding obligations. At March 31, 2017, cash collateral pledged of $6,873 million ($6,557 million in 2016) is recorded in other accounts receivable, and cash collateral received of $94 million ($128 million in 2016) is recorded in other liabilities. In addition, the Government holds collateral in securities from counterparties with a nominal amount of $2,002 million and fair value of $2,539 million (nominal amount of $1,572 million and fair value of $2,017 million in 2016), which has not been recognized in the statement of financial position as the Government does not obtain economic ownership unless the pledgor defaults.

Cross currency swaps with contractual principal amounts outstanding at March 31, stated in Canadian dollars, are as follows:

(in millions of dollars)

Maturing year	2017
2018	6,515
2019	6,545
2020	6,712
2021	11,193
2022	7,004
2023 and subsequent	42,156
Total	80,125

ii. Foreign-exchange forward agreements

The Government's lending arrangements with the IMF, included in the foreign exchange accounts, are denominated in SDRs. However, the Government typically funds these loans with US dollars. Consequently, since the value of the SDR is based upon a basket of key international currencies (US dollar, Euro, Japanese yen, British pound sterling and Chinese renminbi), a currency mismatch results, whereby fluctuations in the value of the loan asset are not equally offset by fluctuations in the value of the related funding liability. Therefore, the Government enters into forward agreements to hedge this foreign exchange risk.

Unrealized gains or losses due to fluctuations in the foreign exchange value of these agreements are recorded in accounts payable and accrued liabilities and are recognized as part of the net foreign exchange revenues in the Consolidated Statement of Operations and Accumulated Deficit.

The notional principal amount of a foreign-exchange forward agreement refers to the principal amount used to calculate contractual cash flows. This amount does not represent an asset or liability, and is not included in the Consolidated Statement of Financial Position. Foreign-exchange forward agreements outstanding at March 31, with notional principal amounts in Canadian dollars of $1,364 million ($1,359 million at March 31, 2016), mature during the next fiscal year.

iii. Credit risk related to swap and foreign-exchange forward agreements

The Government manages its exposure to credit risk by dealing principally with financial institutions having acceptable credit ratings.

Credit risk is also managed through collateral provisions in swap and foreign-exchange forward agreements. Collateral pledged by counterparties to the Government may be liquidated in the event of default to mitigate credit losses.

The Government does not have a significant concentration of credit risk with any individual institution and does not anticipate any counterparty credit loss with respect to its swap and foreign-exchange forward agreements.

The following table presents the contractual or notional principal amounts of the swap and foreign-exchange forward agreements organized by credit ratings based on published Standard & Poor's credit ratings and stand-alone credit profiles at year end:

(in millions of dollars)

Credit ratings	2017	2016
A+	26,602	21,854
A	22,010	18,980
A-	32,811	29,786
BBB+		
BBB	66	2,603
Total	81,489	73,223

(b) Managing foreign currency risk and sensitivity analysis to foreign currency exposures

Interest rate and foreign currency risks are managed using a strategy of matching the duration and the currency of the foreign exchange accounts assets and the related foreign currency borrowings of the Government. At March 31, 2017, assets within the foreign exchange accounts and their related foreign currency borrowings substantially offset each other on a market value basis. Accordingly, the impact of price changes affecting these assets and the liabilities funding these assets naturally offset each other, resulting in no significant impact to the Government's net debt.

Assets related to the IMF are only partially matched by related foreign currency borrowings as they are denominated in SDRs, however, foreign-exchange risks relating to loans to the IMF have been managed through entering into various foreign-exchange forward agreements.

The majority of the government foreign currency assets and related liabilities are held in four currency portfolios: the US dollar, the Euro, the British pound sterling and the Japanese yen. At March 31, 2017, a one per cent appreciation in the Canadian dollar as compared to the US dollar, the Euro, the British pound sterling and the Japanese yen would result in a foreign exchange loss of $5 million due to the exposure of the US dollar portfolio, a foreign exchange loss of $8 million due to the exposure of the Euro portfolio and a foreign exchange gain of $1 million due to the exposure of the British pound sterling. There is no significant exposure related to the Japanese yen portfolio.

The net foreign exchange gain included in net foreign exchange revenues, other revenues and other expenses on the Consolidated Statement of Operations and Accumulated Deficit amounts to $91 million (net foreign exchange gain of $269 million in 2016).

(c) Fair value information

The carrying values of other accounts payable and accrued liabilities, interest and matured debt, cash and cash equivalents, other accounts receivable and other loans, investments and advances are assumed to approximate their fair values due to their short-term to maturity or allowances recorded to reduce their carrying values to amounts that approximate their estimated realizable values.

The following table presents the fair value of derivative financial instruments with contractual or notional principal amounts outstanding at March 31:

(in millions of dollars)

	2017		2016	
	Principal amount	Fair value	Principal amount	Fair value
Cross currency swaps	80,125	(6,949)	71,864	(7,196)
Foreign-exchange forward agreements	1,364	(19)	1,359	(47)
Total	81,489	(6,968)	73,223	(7,243)

Fair values of the swap and foreign-exchange forward agreements are the estimated amount that the Government would receive or pay, based on market factors, if the agreements were terminated on March 31. They are established by discounting the expected cash flows of the swap and foreign-exchange forward agreements, calculated from the contractual or notional principal amounts, using year-end market interest and exchange rates. A positive (negative) fair value indicates that the Government would receive (make) a payment if the agreements were terminated on March 31.

18. Contractual obligations

The nature of government activities results in large multi-year contracts and agreements, including international treaties, protocols and agreements of various size and importance. Any financial obligations resulting from these are recorded as a liability when the terms of these contracts or agreements for the acquisition of goods and services or the provision of transfer payments are met. Major contractual obligations that will generate expenditures in future years and that can be reasonably estimated are summarized as follows:

(in millions of dollars)

Minimum payments to be made in:	Transfer payment agreements	Capital assets and purchases	Operating leases	International organizations[1]	Total
2018	21,360	14,061	398	1,920	37,739
2019	11,666	11,935	400	1,658	25,659
2020	7,136	11,114	396	1,169	19,815
2021	3,345	7,996	371	392	12,104
2022	1,777	4,180	320	112	6,389
2023 and subsequent	1,708	15,672	1,570	1,062	20,012
Total	46,992	64,958	3,455	6,313	121,718

[1] Includes transfer payments, undisbursed loans and advances to international organizations as well as loans for the development of export trade (administered by Export Development Canada), if any, which Canada has agreed to disburse in the future. Future paid-in share capital commitments made by Canada for future purchases of non-budgetary share capital in international organizations are also included.

19. Segmented information

The Government segmented information is based on the ministry structure, which groups the activities of departments, agencies and consolidated Crown corporations and other entities for which a Minister is responsible, and the enterprise Crown corporations and other government business enterprises as described in Note 1 and Note 14. The five main ministries are reported separately and the others are grouped together with the provision for valuation and other items. The presentation by segment is based on the same accounting policies as those described in the Summary of significant accounting policies in Note 1. Inter-segment transfers are measured at the exchange amount. The following tables present the segmented information by Ministry and enterprise Crown corporations and other government business enterprises before the elimination of internal transactions that are eliminated in the adjustments column before arriving at the total for the year ended March 31:

(in millions of dollars)

	2017								
	Families, Children and Social Development	Finance	National Defence	National Revenue	Public Safety and Emergency Preparedness	Other ministries	Enterprise Crown corporations and other government business enterprises	Adjust-ments[1]	Total
Revenues									
Tax revenues									
Income tax revenues	–	–	–	192,967	–	–	–	–	192,967
Other taxes and duties	–	–	–	20,538	30,810	–	–	–	51,348
Total tax revenues	*–*	*–*	*–*	*213,505*	*30,810*	*–*	*–*	*–*	*244,315*
Employment insurance premiums	*22,538*	*–*	*–*	*–*	*–*	*–*	*–*	*(413)*	*22,125*
Other revenues									
Enterprise Crown corporations and other government business enterprises	–	–	–	–	–	–	5,655	–	5,655
Other	2,772	774	442	4,699	2,431	21,482	–	(13,333)	19,267
Net foreign exchange	–	2,133	–	–	–	–	–	–	2,133
Total other revenues	*2,772*	*2,907*	*442*	*4,699*	*2,431*	*21,482*	*5,655*	*(13,333)*	*27,055*
Total revenues	*25,310*	*2,907*	*442*	*218,204*	*33,241*	*21,482*	*5,655*	*(13,746)*	*293,495*
Expenses									
Program expenses									
Transfer payments									
Old age security benefits, guaranteed income supplement and spouse's allowance	48,162	–	–	–	–	–	–	–	48,162
Major transfer payments to other levels of government	–	66,550	–	–	–	2,102	–	–	68,652
Employment insurance	20,711	–	–	–	–	–	–	–	20,711
Children's benefits	1,966	–	–	20,099	–	–	–	–	22,065
Other transfer payments	8,489	495	153	3,540	894	28,240	–	(231)	41,580
Total transfer payments	*79,328*	*67,045*	*153*	*23,639*	*894*	*30,342*	*–*	*(231)*	*201,170*
Other expenses	**4,618**	**502**	**25,909**	**7,460**	**10,807**	**50,202**	**–**	**(13,512)**	**85,986**
Total program expenses	*83,946*	*67,547*	*26,062*	*31,099*	*11,701*	*80,544*	*–*	*(13,743)*	*287,156*
Public debt charges	*–*	*23,831*	*84*	*–*	*1*	*196*	*–*	*(3)*	*24,109*
Total expenses	*83,946*	*91,378*	*26,146*	*31,099*	*11,702*	*80,740*	*–*	*(13,746)*	*311,265*

Details providing total expenses by segment and type can be found in Section 3 (unaudited) of this volume.

[1] Represents consolidation adjustments to eliminate internal transactions.

(in millions of dollars)

	2016								
	Families, Children and Social Development	Finance	National Defence	National Revenue	Public Safety and Emergency Preparedness	Other ministries	Enterprise Crown corporations and other government business enterprises	Adjust-ments[1]	Total
Revenues									
Tax revenues									
Income tax revenues	–	–	–	192,846	–	–	–	–	192,846
Other taxes and duties	–	–	–	19,218	30,587	–	–	–	49,805
Total tax revenues	***–***	***–***	***–***	***212,064***	***30,587***	***–***	***–***	***–***	***242,651***
Employment insurance premiums	***23,491***	***–***	***–***	***–***	***–***	***–***	***–***	***(421)***	***23,070***
Other revenues									
Enterprise Crown corporations and other government business enterprises	–	–	–	–	–	–	7,916	–	7,916
Other	2,667	722	576	4,912	2,336	20,305	–	(12,024)	19,494
Net foreign exchange	–	2,322	–	–	–	–	–	–	2,322
Total other revenues	***2,667***	***3,044***	***576***	***4,912***	***2,336***	***20,305***	***7,916***	***(12,024)***	***29,732***
Total revenues	***26,158***	***3,044***	***576***	***216,976***	***32,923***	***20,305***	***7,916***	***(12,445)***	***295,453***
Expenses									
Program expenses									
Transfer payments									
Old age security benefits, guaranteed income supplement and spouse's allowance	45,461	–	–	–	–	–	–	–	45,461
Major transfer payments to other levels of government	–	63,877	–	–	–	1,973	–	–	65,850
Employment insurance	19,419	–	–	–	–	–	–	–	19,419
Children's benefits	7,516	–	–	10,509	–	–	–	–	18,025
Other transfer payments	6,465	512	152	3,701	620	23,601	–	(177)	34,874
Total transfer payments	***78,861***	***64,389***	***152***	***14,210***	***620***	***25,574***	***–***	***(177)***	***183,629***
Other expenses	**4,584**	**501**	**28,826**	**8,251**	**10,622**	**46,849**	**–**	**(12,265)**	**87,368**
Total program expenses	***83,445***	***64,890***	***28,978***	***22,461***	***11,242***	***72,423***	***–***	***(12,442)***	***270,997***
Public debt charges	***–***	***25,306***	***88***	***–***	***1***	***51***	***–***	***(3)***	***25,443***
Total expenses	***83,445***	***90,196***	***29,066***	***22,461***	***11,243***	***72,474***	***–***	***(12,445)***	***296,440***

Details providing total expenses by segment and type can be found in Section 3 (unaudited) of this volume.
Certain comparative figures have been reclassified to conform to the current year's presentation (Note 2).

[1] Represents consolidation adjustments to eliminate internal transactions.

Observations of the Auditor General of Canada on the consolidated financial statements of the Government of Canada for the year ended 31 March 2017

Our opinion provides assurance that the Government of Canada is properly reporting its overall financial performance to Parliament and to Canadians. Reporting the Government's financial results requires significant effort by public servants. Staff in individual departments and central agencies work together to prepare the Government's consolidated financial statements. For the 19th consecutive year, we have expressed an unmodified audit opinion on the consolidated financial statements, and we thank those involved for their assistance and for the cooperation extended to my Office during the audit.

The purpose of these observations is to comment on matters that we would like to bring to Parliament's attention.

Pay Administration

Together, pay and benefits represent one of the Government of Canada's largest expenses. To transform the way it administers pay, the Government consolidated many of its pay services in Miramichi, New Brunswick, and implemented Phoenix, a new pay system, for approximately 290,000 Public Service employees. The new system was fully implemented by the end of April 2016 and processed approximately $22 billion in pay expenses in 2016–2017.

The pay transformation initiative changed many of the Government's pay processes. Consequently, we reviewed the design of the internal controls in the new system to determine if we would be able to rely on the system to process and record pay accurately to support our audit opinion. Due to the deficiencies we identified, we could not rely on the internal controls. In some areas, we found weaknesses, and in other areas, we could not get sufficient information to understand and test how the controls worked. For example, an information technology system must have strong controls over who is granted access, who can change data and what changes they can make. These controls are particularly important in situations where there is a large number of people accessing the system, as is the case for Phoenix. Also, key tasks need to be done by different people; otherwise, improper pay transactions could be created, or people could have unauthorized access to the private information of other employees. The Government was not able to adequately explain to us what tasks certain users were able to do in Phoenix.

Because we determined we could not rely on the controls in the new system, we needed to change the way we conducted our audit of pay expenses. As a result, we examined a much larger sample of transactions than in prior years. For 2016–2017, we tested all payments made to a sample of employees for the entire fiscal year. We looked at about 18,000 pay transactions across 48 of the 101 departments that used Phoenix, and we found overpayments and underpayments to employees. We found that 62 per cent of the employees in our sample were paid incorrectly at least once during the year. On average, the employees who were paid incorrectly experienced errors in 3 different elements of their pay, such as, overtime and temporary assignments at a higher pay level. Some of these errors repeated over multiple pay periods. As at 31 March 2017, 56 per cent of the employees in our sample required corrections to their pay.

Mistakes in entering pay information, delays in processing changes, and multiple adjusting entries that, in some cases, created additional errors, all contributed to the overpayments and underpayments in employee pay. We found these errors occurred throughout the year and in every step of the pay process.

The change in our audit approach resulted in a significant increase in audit effort. We spent approximately 10,000 hours more to audit pay expenses than in past years. The audit approach we used was labour intensive and costly, and will be required in future audits until the pay control deficiencies are fixed and we can rely on controls.

We were able to conclude that pay expenses were presented fairly in the consolidated financial statements even though we noted a significant number of errors in the pay of individual employees. We came to this conclusion because the overpayments and underpayments made to employees partially offset each other and because the Government recorded year-end accounting adjustments to improve the accuracy of its pay expenses. These adjustments changed only the reported pay expenses in the consolidated financial statements; they did not correct the underlying problems nor did they correct the pay errors that continue to affect individual employees.

The extent of the errors we found and the time it takes to make corrections are unacceptable, given the direct impact on employees. Resolving pay issues is a shared responsibility across the Government. While Public Services and Procurement Canada (PSPC) is responsible for processing payroll transactions, departments also play an important role in providing timely and accurate information to PSPC about changes to employee pay.

In addition to our annual audit of the Government of Canada's consolidated financial statements, we have two performance audits of the Government's initiative to transform pay administration under way. We plan to present the first of these audits for tabling in the House of Commons in November 2017.

Management estimates—selecting discount rates

As we reported last year, the Government of Canada has an ongoing project to update the way it determines the discount rates used in its estimates of long-term liabilities. The reasonableness of these estimates has a direct impact on the financial information included in the consolidated financial statements and used by Parliament and Canadians for decision making. While the Government has analysed options, it has not yet concluded on how it will change its method to determine discount rates.

Discount rates are used in estimating the value, in today's dollars, of several large long-term liabilities and can have a significant impact on these estimates. For example, a decrease of 1 per cent in the discount rate used in measuring the accrued benefit obligation for unfunded pension benefits would increase this liability by $7.7 billion. It is important that the Government's process for determining discount rates be sound and supported by observable and relevant data. While we have concluded that the assumptions underlying the Government's significant estimates are within a reasonable range, historically, certain discount rates have been at the high end of the acceptable range when compared with market trends. Using a higher discount rate yields a lower estimate for long-term liabilities.

Given the significance of these estimates to the consolidated financial statements, we would expect the Government to complete its project and change the way it determines discount rates in fiscal year 2017–2018. As the Government finalizes this project, we recommend that, within the requirements of the Canadian Public Sector Accounting Standards, it consider industry practices in both the public and private sectors, emerging changes in standards, and trends in the Canadian financial market. Going forward, the Government should periodically validate its estimates by comparing with actual experience and adjust the methods as needed.

National Defence—Inventory and asset pooled items

Inventory

National Defence inventory is an important item in the consolidated financial statements of the Government of Canada. Valued at approximately $5.8 billion as at 31 March 2017, it represents 85 per cent of the Government's total inventory.

The Department has two groups of inventory: ammunition and non-ammunition (also referred to as consumables). Its ammunition is valued at over $3.3 billion, and its consumables, which are generally high-volume, low-value items such as clothing, fuel, and medical supplies, are worth almost $2.5 billion.

The Government reports inventory as an asset. An expense is recorded only when an item is removed from inventory, either because the item will be used or is no longer usable.

Asset-pooled items

In addition to inventory, National Defence has items such as major spare parts to repair or maintain fleets, equipment, and machinery, which it reports as asset-pooled items (APIs). In contrast to inventory, APIs support capital assets and are treated similarly. Amortization expense is recorded over the same period as the capital assets they support.

As at 31 March 2017, the net book value of the Department's API assets was approximately $3.6 billion.

It can be difficult to differentiate between inventory and API. Proper identification matters because of the different accounting treatments.

Action plan to improve inventory management

We first reported on National Defence's challenges to properly record and value inventory 14 years ago, and the problems have persisted. However, in the last few years, we have seen improvement.

In the 2016–2017 fiscal year, the Department tabled a long-term action plan to improve its inventory management practices as requested by the House of Commons Standing Committee on Public Accounts. National Defence's inventory has characteristics, such as the number of items and locations involved in the Department's inventory, which make it harder to improve these practices. As a result, this is a multi-year plan that extends until 2026.

The Department made accounting adjustments in the 2016–2017 fiscal year to improve the accuracy of the values in its inventory in the consolidated financial statements. These year-end adjustments correct the values reported in the consolidated financial statements, but they do not address the underlying inventory management issues. In fact, they are an indication that to address the remaining issues, National Defence must maintain the new practices implemented and it must continue to improve other inventory management processes detailed in its action plan.

Audit results

We select a sample of National Defence's inventory items each year and examine them to determine whether the Department:

- recorded the right quantity (quantity);
- applied the right price to determine their value (pricing);
- removed obsolete items from inventory or adjusted their value to reflect their obsolescence (obsolescence); and
- classified items properly as either inventory or APIs (classification).

A summary of our results for each of these tests follows:

Quantity—Over the years, National Defence has increased the number of inventory counts. These counts are on a cyclical basis and emphasize items that are high-risk because of their nature, value, or desirability. This year we expanded the locations for our test counts and we found that the Department has a robust approach to counting its inventory stored in locations we typically visit. However, we found a significant number of quantity errors in locations not regularly selected for testing. The number of errors we identified indicate that National Defence does not yet have a sound approach to count items in all locations.

Pricing and obsolescence—Ammunition—In the action plan that National Defence presented to the Standing Committee on Public Accounts, one of the short-term projects was to review and adjust the way the Department prices ammunition. We found that the Department did a comprehensive analysis of its ammunition inventory codes and corrected errors it found. Because of this extensive cleanup, we did not identify any ammunition pricing errors in our testing.

However, we did identify that National Defence still had obsolete ammunition items. We estimated that more than $260 million worth of ammunition in inventory should have been written down. The Department needs to continue to improve how it identifies obsolete ammunition items in its inventory.

Pricing and obsolescence—Consumables—We found pricing errors for consumables, which we estimated to be an overstatement of inventory worth approximately $140 million. The Department recorded an allowance of $154 million which includes an amount that partially offsets these errors and an amount to address obsolescence concerns in consumables.

Classification—In the current year, National Defence analyzed its inventory and expense items, which resulted in some reclassification of inventory items to API. However, we still estimated that the Department recorded almost $145 million worth of items as inventory when it should have recorded them as API.

Overall

We found that National Defence appears to be on track to complete the action plan it presented to the Standing Committee on Public Accounts. The Department has made significant progress on better knowing the quantity of its inventory in its major depots, but it needs to improve the way it counts inventory at other locations. Considerable effort is still required as the Department also has to improve its pricing of inventory, its recognition of obsolete inventory, and its classification of items as either inventory or API.

Section 3

2016–2017

Public Accounts of Canada

Revenues, expenses and accumulated deficit

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Revenues, expenses and accumulated deficit

This section presents information on revenues, expenses and the accumulated deficit of the Government as summarized in Table 3.1.

A narrative description is provided for certain accounts reported in some tables. Such descriptions follow the same presentation order as their respective tables.

Table 3.1
Revenues, expenses and accumulated deficit

(in millions of dollars)

	2016–2017	2015–2016
Revenues		
Tax revenues, Table 3.2	244,315	242,651
Employment insurance premiums	22,125	23,070
Other revenues, Table 3.4	27,055	29,732
Total revenues	**293,495**	**295,453**
Expenses		
Transfer payments	201,170	183,629
Other expenses	85,986	87,368
Total expenses	*287,156*	*270,997*
Public debt charges, Table 3.8	24,109	25,443
Total expenses, Table 3.6	**311,265**	**296,440**
Annual deficit	**(17,770)**	**(987)**
Accumulated deficit at beginning of year	**(615,986)**	**(612,330)**
Other comprehensive income or (loss)	**1,857**	**(2,669)**
Accumulated deficit at end of year	**(631,899)**	**(615,986)**

Revenues

Revenues consist of all tax and other amounts which enter into the calculation of the annual surplus or deficit of the Government.

Accounting for revenues

The Government reports all revenues on an accrual basis.

Tax revenues are recognized in the period in which the taxable event occurs and when they are authorized by legislation or the ability to assess and collect the tax has been provided through legislative convention. They are reported net of refunds and are exclusive of amounts collected on behalf of provinces and territories.

Tax revenues are measured from amounts assessed/reassessed and from estimates of amounts not yet assessed/reassessed based on cash received that relates to the fiscal year ended March 31. Annual revenues also include adjustments between the estimated revenues of previous years and actual amounts, as well as revenues from reassessments relating to prior years. Revenues do not include estimates of unreported taxes, or the impact of future reassessments that cannot yet be reliably determined.

Tax expenditures that reduce taxes paid or payable are considered tax concessions and are netted against applicable tax revenue. Tax expenditures that provide a financial benefit through the tax system and are not related to the relief of taxes paid or payable are shown as other transfer payment expenses and are not netted against tax revenue.

Income tax revenue is recognized when the taxpayer has earned the income subject to tax.

Domestic goods and services tax revenue is recognized at the time of the sale of goods or the provision of services. These revenues are reported net of input tax credits, GST rebates, and the GST quarterly tax credits. The GST quarterly tax credit for low-income individuals and families is recorded in the period to which it relates.

Customs duties and goods and services tax revenue on imports is recognized when goods are authorized to enter Canada.

Excise tax revenue is recognized when a taxpayer sells goods taxable under the *Excise Tax Act*. Excise duties revenue is recognized when the taxpayer manufactures goods taxable under the *Excise Act* and the *Excise Act, 2001*.

Employment insurance premiums are recognized as revenue in the same period as the insurable earnings are earned.

Other revenues are recognized in the period to which they relate.

Tax revenues

Tax revenues include personal, corporate and non-resident income tax revenues, and other taxes and duties as summarized in Table 3.2.

Table 3.2
Tax revenues

(in millions of dollars)

	2016–2017	2015–2016
Tax revenues		
Income tax revenues		
Personal	143,680	144,897
Corporate	42,216	41,444
Non-resident	7,071	6,505
Total income tax revenues	***192,967***	***192,846***
Other taxes and duties		
Goods and services tax, Table 3.3	34,368	32,952
Energy taxes		
Excise tax – Gasoline	4,496	4,350
Excise tax – Aviation gasoline and diesel fuel	1,138	1,215
Total energy taxes	*5,634*	*5,565*
Customs import duties	5,478	5,372
Other excise taxes and duties		
Excise duties	4,873	4,844
Air travellers security charge	768	721
Softwood lumber products export charge	—	130
Other miscellaneous excise taxes and duties	227	221
Total other excise taxes and duties	*5,868*	*5,916*
Total other taxes and duties	***51,348***	***49,805***
Total tax revenues[1]	244,315	242,651

[1] Additional details are provided in Table 4a in Section 1 of Volume II of the *Public Accounts of Canada*.

Personal income tax

Personal income tax is levied on personal income under the provisions of the *Income Tax Act*.

Corporate income tax

Corporate income tax is levied on corporate income under the provisions of the *Income Tax Act*.

Non-resident income tax

Non-resident income tax is levied on income earned in Canada by non-residents under the provisions of the *Income Tax Act*. This tax is derived from tax withheld from dividends, interest, rents, royalties, alimony, and income from estates and trusts paid to non-residents.

Non-resident income tax revenues also include withholding taxes on income earned in Canada by non-resident life insurance companies and income from trusts.

Other taxes and duties

Other taxes and duties are collected under the *Excise Act*, the *Excise Act, 2001*, the *Excise Tax Act*, *Customs Tariff* (Act) and other acts. They include the goods and services tax, energy taxes, customs import duties, as well as other excise taxes and duties.

Goods and Services Tax

The goods and services tax (GST) became effective January 1, 1991. It is applied at a rate of five per cent on most goods and services consumed in Canada, with only a limited set of exclusions that consists of certain medical devices, prescription drugs, basic groceries, residential rents as well as most health and dental care services. A comparative analysis of the GST is presented in Table 3.3.

Table 3.3
Goods and services tax (GST)[1]

(in millions of dollars)

	2016–2017	2015–2016
GST	40,937	39,312
Less: remission order for the GST paid and accrued by ministries on or for goods and services purchased from outside parties	2,104	2,003
Gross GST from outside parties	38,833	37,309
Less: quarterly tax credits	4,465	4,357
Net GST from outside parties	34,368	32,952

[1] Reported in the Consolidated Statement of Operations and Accumulated Deficit in Section 2 of this volume.

Energy taxes

Energy taxes primarily include the excise tax on gasoline, aviation gas and diesel fuel.

Customs import duties

Revenues from customs import duties consist mainly of ad valorem taxes on the importation of goods levied under the *Customs Tariff* (Act).

Other excise taxes and duties

Excise taxes and duties are levied on alcoholic beverages and tobacco products. In addition, excise taxes are imposed on other items such as passenger vehicle air conditioners. The Air Travellers Security Charge is collected by air carriers at the time of payment for the air travel by the purchaser of an air transportation service.

The softwood lumber products export charge is assessed on exports of softwood lumber products to the United States after September 30, 2006. The charge on refunds of softwood lumber duty deposits is assessed on amounts refunded to Canadian companies related to an American duty order on the importation of softwood lumber products into the United States between May 22, 2002, and September 30, 2006.

Employment insurance premiums

Premiums from employees and employers are levied under the provisions of the *Employment Insurance Act* and are classified as part of revenues. Additional details on employment insurance premiums are provided in Section 4 of this volume.

Other revenues

Other revenues include revenues from enterprise Crown corporations and other government business enterprises, other program revenues and net foreign exchange revenues.

Table 3.4
Other revenues

(in millions of dollars)

	2016–2017	2015–2016
Other revenues		
Enterprise Crown corporations and other government business enterprises		
Share of annual profit	4,920	7,316
Interest and other	735	600
Total enterprise Crown corporations and other government business enterprises	*5,655*	*7,916*
Other programs		
Return on investments, Table 3.5	1,163	1,132
Sales of goods and services		
Rights and privileges	2,748	2,520
Lease and use of public property	725	655
Services of a regulatory nature	1,221	1,446
Services of a non-regulatory nature	4,179	3,925
Sales of goods and information products	3,874	3,971
Other fees and charges	449	787
Total sales of goods and services	*13,196*	*13,304*
Miscellaneous		
Interest and penalties	4,116	4,364
Other	792	694
Total other programs	*19,267*	*19,494*
Net foreign exchange		
Exchange Fund Account	1,996	2,186
International Monetary Fund	121	133
Other	16	3
Total	*2,133*	*2,322*
Total other revenues[1]	27,055	29,732

Certain comparative figures have been reclassified to conform to the current year's presentation. Details on the reclassification are provided in Note 2, Section 2 of this volume.

[1] Additional details are provided in Table 4a in Section 1 of Volume II of the *Public Accounts of Canada*.

Enterprise Crown corporations and other government business enterprises

Revenues include interest earned on loans to enterprise Crown corporations and other government business enterprises as well as the government's share of the accumulated profits or losses of enterprise Crown corporations and other government business enterprises.

Other programs

Other program revenues include sales of goods and services, return on investments, and miscellaneous revenues. Details are reported by individual ministry in Volume II of the *Public Accounts of Canada*.

Net foreign exchange

Net foreign exchange revenues include the revenues from investments held in the Exchange Fund Account and the International Monetary Fund, as well as the net gains or losses resulting from the translation of these investments to Canadian dollars at March 31. Net foreign exchange revenues also include the net gains or losses resulting from foreign debt and currency swap revaluations.

Return on investments

Return on investments consists mainly of interest from loans and advances, dividends from investments, and transfer of profits and surpluses for loans, investments and advances other than those in enterprises Crown corporations and government business enterprises. A comparative analysis of return on investments is presented in Table 3.5.

Table 3.5
Return on investments[1]

(in millions of dollars)

	2016–2017	2015–2016
Cash and accounts receivable		
Interest on bank deposits	231	222
Loans, investments and advances		
National governments including developing countries	11	11
International organizations	4	3
Other loans, investments and advances	795	758
Total loans, investments and advances	810	772
Other accounts	[2]	10
Total ministerial return on investments	1,041	1,004
Net gain on exchange	104	124
Accrual of other revenues	27	22
Total return on investments	1,172	1,150
Elimination of return on investments internal to the Government	(9)	(18)
Total external return on investments	1,163	1,132

Certain comparative figures have been reclassified to conform to the current year's presentation. Details on the reclassification are provided in Note 2, Section 2 of this volume.

[1] Additional details are provided in Table 4a in Section 1 of Volume II and in Section 10 of Volume III of the *Public Accounts of Canada*.

[2] Less than $500,000.

Expenses

Expenses consist of all charges which enter into the calculation of the annual deficit or surplus of the Government.

Accounting for expenses

The Government reports all expenses on an accrual basis.

Expenses for Government operations are recorded when goods are received or services are rendered. Transfer payments are recorded as expenses in the year the transfer is authorized and all eligibility criteria have been met by the recipient. Public debt charges are recorded when incurred. They include interest, servicing costs, costs of issuing new borrowings, amortization of premiums and discounts on market debt, as well as interest on public sector pensions and other employee and veteran future benefits.

Table 3.6
External expenses by segment and by type

(in millions of dollars)

	Major transfer payments[1]		Other transfer payments	
	2016–2017	2015–2016	2016–2017	2015–2016
Ministries				
Agriculture and Agri-Food			1,567	1,289
Canadian Heritage			1,204	1,056
Environment and Climate Change			170	135
Families, Children and Social Development	70,839	72,396	8,489	6,465
Finance	66,550	63,877	495	512
Fisheries, Oceans and the Canadian Coast Guard			99	94
Global Affairs			4,183	4,367
Health			3,229	2,985
Immigration, Refugees and Citizenship			1,177	1,083
Indigenous and Northern Affairs			9,474	7,843
Infrastructure and Communities	2,102	1,973	1,014	1,098
Innovation, Science and Economic Development			4,702	2,125
Justice			366	340
National Defence			153	152
National Revenue	20,099	10,509	3,540	3,701
Natural Resources			704	577
Office of the Governor General's Secretary				
Parliament				1
Privy Council			1	105
Public Safety and Emergency Preparedness			894	620
Public Services and Procurement				
Transport			311	529
Treasury Board			1	
Veterans Affairs			24	18
Provision for valuation and other items			(218)	(221)
Total expenses[2]	159,590	148,755	41,580	34,874

Certain comparative figures have been reclassified to conform to the current year's presentation. Details on the reclassification are provided in Note 2, Section 2 of this volume.

[1] Includes transfer payments of $48,162 million ($45,461 million in 2016) for old age security benefits, the guaranteed income supplement and the spouse's allowance; $68,652 million ($65,850 million in 2016) to other levels of government; $20,711 million ($19,419 million in 2016) for employment insurance and $22,065 million ($18,025 million in 2016) for children's benefits. Additional information is provided in Table 3.7 of this section.

[2] Additional information is provided in Table 2a in Section 1 of Volume II of the *Public Accounts of Canada*.

Expenses include provisions to reflect changes in the value of assets or liabilities, including provisions for bad debts, for loans, investments and advances, as well as for inventory obsolescence. Expenses also include amortization of tangible capital assets, utilization of inventories, as well as prepaid expenses and other.

Organizations within the Government's reporting entity transact with each other on a day-to-day basis and thus contribute to the revenues and expenses recorded in the accounts. In preparing the consolidated financial statements, these "internal transactions" are eliminated so as to report on the basis of transactions with outside parties only.

Table 3.6 presents a comparative summary of external expenses by type. The table also discloses the external expenses by segment.

Total transfer payments		Other expenses		Public debt charges[3]		Total expenses	
2016–2017	2015–2016	2016–2017	2015–2016	2016–2017	2015–2016	2016–2017	2015–2016
1,567	1,289	1,436	951	-	-	3,003	2,240
1,204	1,056	2,884	2,763	-	(116)	4,088	3,703
170	135	1,632	1,506	1	1	1,803	1,642
79,328	78,861	2,863	2,882	-		82,191	81,743
67,045	64,389	499	484	23,833	25,303	91,377	90,176
99	94	1,935	1,544			2,034	1,638
4,183	4,367	4,557	4,972			8,740	9,339
3,229	2,985	3,519	3,340			6,748	6,325
1,177	1,083	1,127	1,138			2,304	2,221
9,474	7,843	2,961	1,408			12,435	9,251
3,116	3,071	512	340			3,628	3,411
4,702	2,125	2,687	2,441			7,389	4,566
366	340	1,285	1,275	-		1,651	1,615
153	152	25,576	28,519	84	88	25,813	28,759
23,639	14,210	7,165	7,989	-	-	30,804	22,199
704	577	1,305	1,907	2	2	2,011	2,486
-	-	22	21			22	21
1	1	627	570	-	-	628	571
1	105	307	566		-	308	671
894	620	10,574	10,375	1	1	11,469	10,996
-	-	4,269	4,186	146	158	4,415	4,344
311	529	1,922	2,611	42	6	2,275	3,146
1	-	3,139	4,214	-	-	3,140	4,214
24	18	929	911			953	929
(218)	(221)	2,254	455			2,036	234
201,170	183,629	85,986	87,368	24,109	25,443	311,265	296,440

[3] Additional information is provided in Table 3.8 of this volume.

Expenses by segment

The Government's segmented information, which is based on the ministerial portfolio structure, groups the activities of departments, agencies and Crown corporations and other entities for which a Minister is responsible as described in Note 1 and Note 13 to the consolidated financial statements in Section 2 of this volume.

Government's cost of operations

Government's cost of operations consists of three major types: transfer payments, other expenses, and public debt charges.

Transfer payments

The major transfer payments include payments to persons and payments to provinces and territories.

Payments to persons include payments for income support or income supplement. Assistance is based on age, family status, income, and employment criteria.

Payments to provinces and territories are made under the following programs:

- The fiscal arrangements are unconditional fiscal transfer payments to lower income provinces including subsidies under the Constitution Acts; and
- The Canada health transfer and the Canada social transfer are the major means for providing the federal share of social programs administered by the provinces.

The other transfer payments include various subsidies paid through federal programs to stabilize market prices for commodities, to develop new technologies, to conduct research, to establish new jobs through support for training and to promote educational and cultural activities. Also included are expenses of other consolidated entities and other miscellaneous payments.

Other expenses

This category covers the costs associated with programs directly delivered by the federal government such as national defence, food inspection, the Coast Guard, the federal court system, the operation of health facilities for natives and veterans, and the national parks system. It also includes the expenses of consolidated Crown corporations and other entities incurred with third parties.

Table 3.7 presents a comparative analysis by province and territory of certain transfer payments.

Table 3.7
Major transfer payments by province and territory

(in millions of dollars)

	Fiscal year	Old age security benefits[1]	Employment insurance	Fiscal arrangements	Quebec Abatement[2]	Canada health transfer	Canada social transfer	Other major transfers[3]	Children's benefits	Total
Newfoundland and Labrador	2016–2017	979	1,173	10		529	196	32		2,919
	2015–2016	920	1,050	33		493	192	30		2,718
Prince Edward Island	2016–2017	240	258	381		148	55	16		1,098
	2015–2016	227	247	361		139	53	15		1,042
Nova Scotia	2016–2017	1,571	906	1,768		946	350	56		5,597
	2015–2016	1,492	889	1,817		900	341	53		5,492
New Brunswick	2016–2017	1,345	1,009	1,710		753	279	46		5,142
	2015–2016	1,272	971	1,671		720	273	43		4,950
Quebec	2016–2017	13,365	4,078	10,036	(4,451)	8,279	3,062	487		34,856
	2015–2016	12,683	4,169	9,526	(4,451)	7,880	2,987	458		33,252
Ontario	2016–2017	18,128	6,105	2,313		13,913	5,145	796		46,400
	2015–2016	17,142	6,078	2,372		13,145	4,984	745		44,466
Manitoba	2016–2017	1,640	652	1,738		1,313	485	70		5,898
	2015–2016	1,571	613	1,741		1,230	466	66		5,687
Saskatchewan	2016–2017	1,406	686	2		1,139	423	60		3,716
	2015–2016	1,347	577	2		1,081	409	56		3,472
Alberta	2016–2017	3,983	3,399	5		4,187	1,558	222		13,354
	2015–2016	3,729	2,474	256		3,869	1,516	209		12,053
British Columbia	2016–2017	6,722	2,346	4		4,732	1,751	269		15,824
	2015–2016	6,399	2,257	4		4,450	1,695	253		15,058
Total provinces	2016–2017	49,379	20,612	17,967	(4,451)	35,939	13,304	2,054		134,804
	2015–2016	46,782	19,325	17,783	(4,451)	33,907	12,916	1,928		128,190
Northwest Territories	2016–2017	29	36	1,220		45	16	16		1,362
	2015–2016	26	34	1,233		44	16	15		1,368
Nunavut	2016–2017	10	24	1,489		36	14	16		1,589
	2015–2016	9	20	1,454		36	13	15		1,547
Yukon Territory	2016–2017	29	31	894		37	14	16		1,021
	2015–2016	28	31	874		38	14	15		1,000
International	2016–2017	238	8							246
	2015–2016	157	9							166
Total expenses for provinces and territories	2016–2017	49,685	20,711	21,570	(4,451)	36,057	13,348	2,102		139,022
	2015–2016	47,002	19,419	21,344	(4,451)	34,025	12,959	1,973		132,271
Accrual and other adjustments	2016–2017	(1,523)		26						(1,497)
	2015–2016	(1,541)								(1,541)
Subtotal	2016–2017	48,162	20,711	21,596	(4,451)	36,057	13,348	2,102		137,525
	2015–2016	45,461	19,419	21,344	(4,451)	34,025	12,959	1,973		130,730
Transfers made through the tax system	2016–2017								22,065	22,065
	2015–2016								18,025	18,025
Total major transfer payments	2016–2017	48,162	20,711	21,596	(4,451)	36,057	13,348	2,102	22,065	159,590
	2015–2016	45,461	19,419	21,344	(4,451)	34,025	12,959	1,973	18,025	148,755

[1] Includes the guaranteed income supplement and the spouse's allowance.

[2] The Quebec Abatement is comprised of federal tax abated under the Alternative Payments for Standing Programs and the Youth Allowance Program of that province.

[3] Includes the contributions under the federal Gas Tax Fund program of $2,102 million ($1,973 million in 2016).

Public debt charges

Public debt charges include the interest on unmatured debt and on pensions, other future benefits and other liabilities, the amortization of premiums and discounts on unmatured debt, and the servicing costs and the costs of issuing new borrowings.

A comparative summary of public debt charges is presented in Table 3.8. The table also discloses the reconciling items between total public debt charges as reported in the ministerial section of the Department of Finance in Section 6 of Volume II of the *Public Accounts of Canada* and the total expenses of the public debt indicated in Table 3.6 of this volume. The reconciling items include the interest expenses on capital leases as well as accrual and other adjustments.

Table 3.8
Public debt charges[1]

(in millions of dollars)

	2016–2017	2015–2016
Unmatured debt		
Interest on:		
Marketable bonds	12,460	13,160
Retail debt	45	34
Medium-term notes	22	9
	12,527	*13,203*
Amortization of discounts on Canada and Treasury bills		
Treasury bills	737	861
Canada bills	28	10
	765	*871*
Amortization of premiums and discounts on all other debts		
Marketable bonds	203	632
Foreign bonds	6	6
Real return bonds	(136)	(106)
Consumer price index adjustments on real return bonds	1,098	971
	1,171	*1,503*
Cross-currency swap revaluation	(335)	(487)
Servicing costs and costs of issuing new borrowings	10	11
Capital lease obligations	200	209
Other unmatured debt	82	83
Total public debt charges related to unmatured debt	14,420	15,393
Pensions and other future benefits		
Interest on:		
Public sector pensions – Superannuation accounts	6,817	7,333
Less: allowance for pension adjustments	26	122
Consolidated Crown corporations and other entities pensions	(144)	(161)
	6,699	*7,294*
Other employee and veteran future benefits		
Public Service Health Care Plan and Pensioners' Dental Service Plan	801	729
Severance and other benefits	72	80
Accumulated sick leave entitlements	40	39
Worker's compensation	32	32
Veterans' disability and other future benefits	1,587	1,442
Royal Canadian Mounted Police disability and other future benefits	242	218
Consolidated Crown corporations and other entities	9	9
	2,783	*2,549*
Total public debt charges related to pensions and other future benefits	9,482	9,843
Other liabilities		
Canada Pension Plan	1	2
Government Annuities Account	8	9
Deposit and trust accounts	16	19
Other specified purpose accounts	165	171
Other liabilities	17	6
Total public debt charges related to other liabilities	207	207
Consolidated specified purpose accounts		
Interest	3	3
Total public debt charges related to consolidated specified purpose accounts	3	3
Total public debt charges before consolidation adjustments	24,112	25,446
Less: consolidation adjustments	3	3
Total public debt charges[1, 2]	24,109	25,443

Table 3.8
Public debt charges[1]—*concluded*

(in millions of dollars)

	2016–2017	2015–2016
Comprised of		
Total public debt charges under statutory authorities before accrual and other adjustments and consolidation adjustments	21,165	22,644
Accrual and other adjustments	2,947	2,802
Consolidation adjustments	(3)	(3)
Total public debt charges	24,109	25,443

Certain comparative figures have been reclassified to conform to the current year's presentation. Details on the reclassification are provided in Note 2, Section 2 of this volume.

[1] A summary is provided in Table 2a in Section 1 of Volume II of the *Public Accounts of Canada*.

[2] Additional details are provided in Section 7 of Volume III of the *Public Accounts of Canada*.

Expenses by object

Table 3.9 reconciles the total net expenditures by object initially recorded by departments under the partial accrual method of accounting to the total expenses which is based on the full accrual method of accounting. Reconciliation items represent the effect of consolidation and full accrual accounting.

Table 3.9
Total expenses by object[1]

(in millions of dollars)

	Total net expenditures	Reconciliation	Total expenses
Transfer payments	156,108	45,062	201,170
Other expenses			
Personnel	38,910	11,198	50,108
Transportation and communications	2,834	(64)	2,770
Information	300	(22)	278
Professional and special services	11,910	(2,208)	9,702
Rentals	3,167	(874)	2,293
Repair and maintenance	3,388	(54)	3,334
Utilities, materials and supplies	2,846	283	3,129
Acquisition of land, buildings and works	2,274	(2,274)	
Acquisition of machinery and equipment	3,953	(3,953)	
Other subsidies and expenses	10,780	(1,733)	9,047
Amortization of tangible capital assets		5,168	5,168
Net loss on disposal of assets		157	157
Total other expenses	80,362	5,624	85,986
Public debt charges	21,166	2,943	24,109
Total gross expenses	257,636	53,629	311,265
Revenues netted against expenditures	(11,681)	11,681	
Total expenses	245,955	65,310	311,265

[1] Additional details are provided in Table 3a in Section 1 of Volume II of the *Public Accounts of Canada*.

Expenditures under statutory authorities

Spending authorities provided by statutory authorities are for specified purposes and for such amounts and such time periods as the acts prescribe. These spending authorities do not generally lapse at the end of the year during which they were granted. Expenditures under such authorities account for approximately half of the total program expenses each year.

Table 3.10 presents a comparative summary of the ministerial expenditures under statutory authorities.

Table 3.10
Expenditures under statutory authorities

(in millions of dollars)

	2016–2017	2015–2016
Old age security payments (*Old Age Security Act*)	36,749	35,050
Canada health transfer (Part V.1 – *Federal-Provincial Fiscal Arrangements Act*)	36,058	34,025
Public debt charges	21,166	22,644
Fiscal equalization (Part I – *Federal-Provincial Fiscal Arrangements Act*)	17,880	17,341
Canada social transfer (Part V.1 – *Federal-Provincial Fiscal Arrangements Act*)	13,348	12,959
Guaranteed income supplement payments (*Old Age Security Act*)	10,922	9,922
Territorial financing (Part I.1 – *Federal-Provincial Fiscal Arrangements Act*)	3,603	3,561
Gas Tax Fund	2,100	2,000
Universal child care benefit (*Universal Child Care Benefit Act*)	1,976	8,759
Canada study grants to qualifying full and part-time students pursuant to the *Canada Student Financial Assistance Act*	975	714
Canada Education Savings grant payments to Registered Education Savings Plans (RESPs) trustees on behalf of RESP beneficiaries to encourage Canadians to save for post-secondary education for their children	859	821
Contribution payments for the AgriInsurance program	702	604
Payments related to the direct financing arrangement under the *Canada Student Financial Assistance Act*	662	618
Judges' salaries, allowances and annuities, annuities to spouses and children of judges and lump sum payments to spouses of judges who die while in office	535	533
Old age allowance payments (*Old Age Security Act*)	530	513
Payments to the Newfoundland Offshore Petroleum Resource Revenues Fund	455	301
Payments to International Development Association	442	442
Electoral expenditures	70	451
Youth allowances recovery (*Federal-Provincial Fiscal Revision Act, 1964*)	(805)	(811)
Alternative payments for standing programs (Part VI – *Federal-Provincial Fiscal Arrangements Act*)	(3,646)	(3,641)
Total	144,581	146,806
Superannuation, supplementary retirement benefits, death benefits and other pensions[1]		
Public Service		
Government's contributions to the public service pension plan and the Retirement Compensation Arrangements Account	2,518	3,439
Government's contributions to the Canada and the Quebec pension plans	701	665
Government's contribution to the Employment Insurance Operating Account	308	311
Government's contributions to the Death Benefit Account	14	14
Total contributions	3,541	4,429
Recoveries from revolving funds		(91)
Total	3,541	4,338
Canadian Forces		
Government's contribution to the Canadian Forces Pension Plan and the Retirement Compensation Arrangements Account	947	1,000
Government's contribution to the Canada and the Quebec pension plans	186	184
Government's contribution as employer to the Employment Insurance Operating Account	80	84
Statutory payments under the *Supplementary Retirement Benefits Act*	2	2
Government's contribution to the Death Benefit Account	3	2
Total	1,218	1,272

Table 3.10
Expenditures under statutory authorities—*concluded*

(in millions of dollars)

	2016–2017	2015–2016
Royal Canadian Mounted Police		
Government's contribution to the Royal Canadian Mounted Police Pension Plan and the Retirement Compensation Arrangements Account	491	353
Government's contribution to the Canada and the Quebec pension plans	58	59
Government's contribution as employer to the Employment Insurance Operating Account	25	27
Statutory payments under the *Supplementary Retirement Benefits Act*	7	8
Total	581	447
Shared Services Canada		
Government's contribution to the Canada and the Quebec pension plans	3	3
Government's contribution to the Employment Insurance Operation Account, the Royal Canadian Mounted Police Pension Plan and the Retirement Compensation Arrangements Account	1	1
Total	4	4
All other statutory expenditures	3,281	3,363
Total ministerial expenditures under statutory authorities[2]	153,206	156,230

[1] Details related to other pension accounts, such as the Members of Parliament Retiring Allowances Account, are not included.

[2] Additional information on the ministerial expenditures under statutory authorities are provided in Table 7 in Section 1 of Volume II of the *Public Accounts of Canada*.

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Section 4

2016–2017

Public Accounts of Canada

Consolidated accounts

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Consolidated Crown corporations and other entities

This section provides all related information on consolidated Crown corporations and other entities. Consolidated entities are those which rely on Government funding as their principal source of revenue and are controlled by the Government.

Consolidation involves the combination of the accounts of these corporations and other entities on a line-by-line and uniform basis of accounting and elimination of inter-organizational balances and transactions. Consequently, the corporations and other entities' accounts must be adjusted to the Government's basis of accounting. All corporations and other entities follow either Canadian Public Sector Accounting Standards or International Financial Reporting Standards. The financial information reported by all of the consolidated Crown corporations and other entities in the following summary tables have been prepared and reported based upon Canadian Public Sector Accounting Standards.

Summary financial statements of consolidated Crown corporations and other entities

The following tables display details of the assets, liabilities, revenues and expenses of the consolidated Crown corporations and other entities.

For those corporations and other entities having year ends other than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

Tables 4.1 and 4.2 summarize the financial transactions and results of operations as reported by the consolidated Crown corporations and other entities.

Financial assets include cash and cash equivalents, receivables, loans and investments. Financial assets are segregated between third parties and Government, Crown corporations and other entities. The financial assets reported under Government, Crown corporations and other entities represent receivables, loans and investments between related parties. Non-financial assets represent the unexpensed portion of capital assets, such as buildings, machinery and equipment in use or under construction, as well as inventories, prepayments and other items of expenditure which will be expensed as these assets are used. Liabilities include payables, borrowings and other obligations. Liabilities are segregated between third parties and Government, Crown corporations and other entities. Borrowings from third parties represent long-term debts payable of the corporations and other entities. Other third party liabilities are amounts due for purchases, pensions and other employee future benefits, various accruals, capital leases and like items. The liabilities reported under Government, Crown corporations and other entities represent payables and borrowings between related parties.

Revenues are segregated between third parties and Government, Crown corporations and other entities. Government, Crown corporations and other entities' revenues are broken down further to identify revenues arising from normal operations and financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are segregated between third parties and Government, Crown corporations and other entities. Equity transactions other than current year's net income or loss are segregated between equity adjustments and other, remeasurement gains and losses and equity transactions with the Government. Equity adjustments and other include prior period adjustments and other miscellaneous items recorded by the corporations and other entities. Remeasurement gains and losses comprise certain unrealized gains and losses on financial instruments that are recognized in the Statement of Remeasurement Gains and Losses, but excluded from the annual surplus (deficit). Upon realization, these gains and losses are included in the annual surplus (deficit). Equity transactions with the Government include dividends declared or transfers of profits to the Government, as well as capital transactions with the Government. The line "Conversion to the Government accounting basis for consolidation purposes" represents the adjustments required to bring the corporations and other entities' accounting policies in line with those of the Government.

These tables present financial information on consolidated parent Crown corporations and other entities, as well as financial information on wholly-owned subsidiaries that are considered "deemed parent Crown corporations" and thus consolidated directly in the consolidated financial statements of the Government and excluded from the consolidated financial statements of their parent Crown corporations. The quarterly *Inventory of Government of Canada Organizations* includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Consolidated Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the *Government Corporations Operation Act*. In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by consolidated agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Table 4.3 summarizes such borrowings for the consolidated corporations and the changes for the year ended March 31, 2017. Contingent liabilities of consolidated corporations and other entities are presented in Table 4.4.

A summary of financial assistance under budgetary appropriations to consolidated Crown corporations for the year ended March 31, 2017, is provided in Table 4.5. Differences in figures reported in Table 4.2 and those reported in Table 4.5 result from the use of different accounting policies and from items in transit.

Table 4.1
Financial position of consolidated Crown corporations and other entities
Assets, liabilities and equity as at March 31, 2017

(in thousands of dollars)

	Assets			
	Financial			
Consolidated Crown corporations and other entities	Third parties	Government, Crown corporations and other entities	Non-financial	Total assets
Crown corporations[1]				
Atomic Energy of Canada Limited	162,209	107,039	801,038	1,070,286
Canada Council for the Arts	395,594	943	27,710	424,247
Canada Development Investment Corporation				
PPP Canada Inc	1,276,473	1,369	749	1,278,591
Canadian Air Transport Security Authority	124,399	92,426	428,084	644,909
Canadian Broadcasting Corporation	1,512,523	182	1,138,985	2,651,690
Canadian Commercial Corporation	815,719	1,251	4,847,638	5,664,608
Canadian Dairy Commission	8,369	–	165,994	174,363
Canadian Museum for Human Rights	10,315	165	315,582	326,062
Canadian Museum of History	71,975	11,705	248,745	332,425
Canadian Museum of Immigration at Pier 21	12,041	135	17,833	30,009
Canadian Museum of Nature	18,106	519	185,217	203,842
Canadian Race Relations Foundation	27,439	2,460	53	29,952
Canadian Tourism Commission	44,992	1,200	4,973	51,165
Defence Construction (1951) Limited	29,652	18,596	4,624	52,872
International Development Research Centre	79,123	9,067	10,987	99,177
Marine Atlantic Inc	144,722	18,000	428,830	591,552
National Arts Centre Corporation	63,014	2,086	120,539	185,639
National Capital Commission	170,024	5,827	673,728	849,579
National Gallery of Canada	19,013	484	83,323	102,820
National Museum of Science and Technology	77,423	1,579	118,821	197,823
Standards Council of Canada	5,473	672	3,956	10,101
Telefilm Canada	7,110	61,727	6,937	75,774
The Federal Bridge Corporation Limited	37,431	11,866	385,035	434,332
The Jacques Cartier and Champlain Bridges Inc	56,543	44,547	562,309	663,399
VIA Rail Canada Inc	462,467	29,251	947,448	1,439,166
Windsor-Detroit Bridge Authority	285,674	6,259	189,475	481,408
Total—Crown corporations	5,917,823	429,355	11,718,613	18,065,791
Conversion to the Government accounting basis for consolidation purposes	(196,588)	–	(50,002)	(246,590)
Net Crown corporations on the Government accounting basis	5,721,235	429,355	11,668,611	17,819,201
Other entities[2]				
Canada Foundation for Innovation	303,926	114,597	3,647	422,170
Canada Foundation for Sustainable Development Technology	25,920	–	1,426	27,346
First Nations Market Housing Fund	311,865	40,299	190	352,354
St. Lawrence Seaway Management Corporation	147,735	24,013	23,869	195,617
Capital Fund Trust	2,210	15,660	–	17,870
Employee Termination Benefits Trust Fund	1,596	88	–	1,684
Total—Other entities	793,252	194,657	29,132	1,017,041
Conversion to the Government accounting basis for consolidation purposes	(1)	(325)	–	(326)
Net other entities on the Government accounting basis	793,251	194,332	29,132	1,016,715
Total	6,514,486	623,687	11,697,743	18,835,916

[1] All Crown corporations listed at the margin in this table are parent Crown corporations.

[2] These entities, which are not Crown corporations or agents of the Crown, are considered other consolidated entities.

Liabilities								
Third parties								
Borrowings	Other	Government, Crown corporations and other entities	Total liabilities	Accumulated profits (losses)	Contributed surplus	Capital stock	Equity of Canada	Total liabilities and equity
–	7,746,000	306,500	8,052,500	(7,141,582)	144,368	15,000	(6,982,214)	1,070,286
–	119,921	1,477	121,398	302,849	–	–	302,849	424,247
–	3,191	1,267,999	1,271,190	7,401	–	–	7,401	1,278,591
–	153,634	2,812	156,446	488,463	–	–	488,463	644,909
339,736	578,952	24	918,712	1,732,978	–	–	1,732,978	2,651,690
–	5,635,503	191	5,635,694	18,914	10,000	–	28,914	5,664,608
2,242	79,747	92,374	174,363	–	–	–	–	174,363
–	171,480	145,731	317,211	8,851	–	–	8,851	326,062
–	33,407	231,538	264,945	67,480	–	–	67,480	332,425
–	9,054	17,700	26,754	3,255	–	–	3,255	30,009
–	42,331	167,867	210,198	(6,356)	–	–	(6,356)	203,842
–	217	–	217	29,735	–	–	29,735	29,952
–	12,479	10	12,489	38,676	–	–	38,676	51,165
–	39,749	525	40,274	12,598	–	–	12,598	52,872
–	45,057	27,953	73,010	26,167	–	–	26,167	99,177
–	107,490	2,792	110,282	481,270	–	–	481,270	591,552
–	30,339	157,215	187,554	(1,915)	–	–	(1,915)	185,639
–	201,987	4,265	206,252	643,327	–	–	643,327	849,579
–	8,542	89,341	97,883	4,937	–	–	4,937	102,820
–	16,155	168,393	184,548	13,275	–	–	13,275	197,823
–	6,205	46	6,251	3,850	–	–	3,850	10,101
–	49,026	163	49,189	26,585	–	–	26,585	75,774
80,037	32,598	83,156	195,791	238,541	–	–	238,541	434,332
–	145,827	–	145,827	517,572	–	–	517,572	663,399
–	211,677	905,858	1,117,535	312,331	–	9,300	321,631	1,439,166
–	64,715	–	64,715	416,693	–	–	416,693	481,408
422,015	15,545,283	3,673,930	19,641,228	(1,754,105)	154,368	24,300	(1,575,437)	18,065,791
–	(15,001)	(3,380,670)	(3,395,671)	3,327,749	(154,368)	(24,300)	3,149,081	(246,590)
422,015	15,530,282	293,260	16,245,557	1,573,644	–	–	1,573,644	17,819,201
–	889	421,281	422,170	–	–	–	–	422,170
–	830	26,516	27,346	–	–	–	–	27,346
–	49,592	302,762	352,354	–	–	–	–	352,354
–	108,430	10,862	119,292	76,325	–	–	76,325	195,617
–	2	17,868	17,870	–	–	–	–	17,870
–	2	1,682	1,684	–	–	–	–	1,684
–	159,745	780,971	940,716	76,325	–	–	76,325	1,017,041
–	(1)	(763,086)	(763,087)	762,761	–	–	762,761	(326)
–	159,744	17,885	177,629	839,086	–	–	839,086	1,016,715
422,015	15,690,026	311,145	16,423,186	2,412,730	–	–	2,412,730	18,835,916

Table 4.2
Revenues, expenses and other changes in equity of consolidated Crown corporations and other entities for the year ended March 31, 2017

(in thousands of dollars)

	Revenues			
		Government, Crown corporations and other entities		
Consolidated Crown corporations and other entities	Third parties	Financial assistance	Other	Total
Crown corporations				
Atomic Energy of Canada Limited	114,430	784,133	1,167	899,730
Canada Council for the Arts	17,317	222,574	835	240,726
Canada Development Investment Corporation				
PPP Canada Inc	56	179,618	2,351	182,025
Canadian Air Transport Security Authority	7,699	723,734	—	731,433
Canadian Broadcasting Corporation	557,107	1,113,024	3,176	1,673,307
Canadian Commercial Corporation	2,650,091	3,510	3,630	2,657,231
Canadian Dairy Commission	321,565	3,773	—	325,338
Canadian Museum for Human Rights	10,792	38,228	—	49,020
Canadian Museum of History	20,040	77,888	1,096	99,024
Canadian Museum of Immigration at Pier 21	2,727	9,978	111	12,816
Canadian Museum of Nature	9,639	31,699	240	41,578
Canadian Race Relations Foundation	3,634	—	871	4,505
Canadian Tourism Commission	21,727	100,476	376	122,579
Defence Construction (1951) Limited	740	—	95,945	96,685
International Development Research Centre	50,551	147,474	16,173	214,198
Marine Atlantic Inc	113,467	98,801	—	212,268
National Arts Centre Corporation	28,610	40,692	722	70,024
National Capital Commission	31,403	91,256	7,458	130,117
National Gallery of Canada	25,490	46,507	572	72,569
National Museum of Science and Technology	7,116	31,476	681	39,273
Standards Council of Canada	9,176	10,515	649	20,340
Telefilm Canada	28,707	97,454	96	126,257
The Federal Bridge Corporation Limited	43,611	3,135	—	46,746
The Jacques Cartier and Champlain Bridges Inc	1,211	286,198	—	287,409
VIA Rail Canada Inc	325,060	358,826	2,551	686,437
Windsor-Detroit Bridge Authority	1,297	339,348	205	340,850
Total—Crown corporations	4,403,263	4,840,317	138,905	9,382,485
Conversion to the Government accounting basis for consolidation purposes	36,795	12,407	—	49,202
Total on the Government accounting basis	4,440,058	4,852,724	138,905	9,431,687
Consolidation adjustments	942	(4,852,724)	(138,905)	(4,990,687)
Net amount—Crown corporations	4,441,000	—	—	4,[illegible],000
Other entities				
Canada Foundation for Innovation	5,202	327,880	2,014	335,096
Canada Foundation for Sustainable Development Technology	312	110,715	—	111,027
First Nations Market Housing Fund	9,946	—	983	10,929
St. Lawrence Seaway Management Corporation	68,924	1,694	113,722	184,340
Capital Fund Trust	22	119,000	(3,590)	115,432
Employee Termination Benefits Trust Fund	16	—	—	16
Total—Other entities	84,422	559,289	113,129	756,840
Conversion to the Government accounting basis for consolidation purposes	88,496	(205,159)	(325)	(116,988)
Total on the Government accounting basis	172,918	354,130	112,804	639,852
Consolidation adjustments	2,672	(354,130)	(112,804)	(464,262)
Net amount—Other entities	175,590	—	—	175,590
Total	4,616,590	—	—	4,616,590

The accompanying notes to Table 4.1 are an integral part of this table.

Expenses							Equity transactions with the Government		
Third parties	Government, Crown corporations and other entities	Total	Net income (loss)	Equity beginning of year	Equity adjustments and other	Remeasurement gains (losses)	Dividends	Capital	Equity end of year
510,588	4,870	515,458	384,272	(7,804,754)	466,175	878	–	(28,785)	(6,982,214)
235,008	875	235,883	4,843	280,745	–	17,261	–	–	302,849
179,199	714	179,913	2,112	5,289	–	–	–	–	7,401
663,348	15,845	679,193	52,240	436,223	–	–	–	–	488,463
1,454,203	1,578	1,455,781	217,526	1,515,452	–	–	–	–	1,732,978
2,652,451	4,535	2,656,986	245	28,669	–	–	–	–	28,914
309,147	1,222	310,369	14,969	–	(14,969)	–	–	–	–
38,844	1,805	40,649	8,371	480	–	–	–	–	8,851
83,877	14,032	97,909	1,115	68,660	–	(2,295)	–	–	67,480
9,525	2,515	12,040	776	2,476	(171)	174	–	–	3,255
36,673	3,372	40,045	1,533	(7,889)	–	–	–	–	(6,356)
676	743	1,419	3,086	28,063	(224)	(1,190)	–	–	29,735
102,998	170	103,168	19,411	19,767	–	(502)	–	–	38,676
102,481	131	102,612	(5,927)	26,666	–	359	(8,500)	–	12,598
202,456	3,414	205,870	8,328	17,839	–	–	–	–	26,167
219,995	–	219,995	(7,727)	483,889	–	5,108	–	–	481,270
68,693	1,920	70,613	(589)	(1,326)	–	–	–	–	(1,915)
127,526	7,370	134,896	(4,779)	648,106	–	–	–	–	643,327
68,657	8,169	76,826	(4,257)	9,194	–	–	–	–	4,937
34,375	4,896	39,271	2	13,273	–	–	–	–	13,275
21,582	247	21,829	(1,489)	5,339	–	–	–	–	3,850
123,851	1,929	125,780	477	26,108	–	–	–	–	26,585
46,567	–	46,567	179	238,803	(328)	(113)	–	–	238,541
231,256	–	231,256	56,153	461,419	–	–	–	–	517,572
652,478	8,297	660,775	25,662	295,969	–	–	–	–	321,631
40,298	–	40,298	300,552	118,321	(1,872)	(308)	–	–	416,693
8,216,752	88,649	8,305,401	1,077,084	(3,083,219)	448,611	19,372	(8,500)	(28,785)	(1,575,437)
92,094	(11,759)	80,335	(31,133)	3,610,912	(448,611)	(19,372)	8,500	28,785	3,149,081
8,308,846	76,890	8,385,736	1,045,951	527,693	–	–	–	–	1,573,644
3,082	(76,890)	(73,808)	(4,916,879)	–	4,916,879	–	–	–	–
8,311,928	–	8,311,928	(3,870,928)	527,693	4,916,879	–	–	–	1,573,644
335,040	56	335,096	–	–	–	–	–	–	–
111,027	–	111,027	–	–	–	–	–	–	–
9,946	983	10,929	–	–	–	–	–	–	–
163,696	200	163,896	20,444	55,881	–	–	–	–	76,325
2	115,430	115,432	–	–	–	–	–	–	–
2	14	16	–	–	–	–	–	–	–
619,713	116,683	736,396	20,444	55,881	–	–	–	–	76,325
1,712	(2,312)	(600)	(116,388)	879,149	–	–	–	–	762,761
621,425	114,371	735,796	(95,944)	935,030	–	–	–	–	839,086
983	(114,371)	(113,388)	(350,874)	–	350,874	–	–	–	–
622,408	–	622,408	(446,818)	935,030	350,874	–	–	–	839,086
8,934,336	–	8,934,336	(4,317,746)	1,462,723	5,267,753	–	–	–	2,412,730

Borrowings by consolidated agent Crown corporations

Table 4.3 summarizes the borrowing transactions by consolidated agent Crown corporations made on behalf of Her Majesty. This information is published to satisfy section 49 of the *Financial Administration Act* (FAA) which requires that an annual statement be included in the *Public Accounts of Canada*. The borrowings are from lenders other than the Government. In accordance with section 54 of the FAA, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings are consolidated in the summary consolidated financial statements of the Government of Canada.

Table 4.3
Borrowings by consolidated agent Crown corporations

(in thousands of dollars)

	Balance April 1, 2016	Borrowings and other credits	Repayments and other charges	Balance March 31, 2017
Canadian Broadcasting Corporation	361,427	9,100	30,791	339,736
Canadian Dairy Commission	2,261	31,123	31,142	2,242
The Federal Bridge Corporation Limited	88,312	–	8,275	80,037
Total	452,000	40,223	70,208	422,015

Contingent liabilities of consolidated Crown corporations and other entities

Table 4.4 summarizes the contingent liabilities of the consolidated Crown corporations and other entities. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

Table 4.4
Contingent liabilities of consolidated Crown corporations and other entities

(in thousands of dollars)

	March 31, 2017
Agent Crown corporations	
National Gallery of Canada—Claims and pending and threatened litigation	255
Non-agent Crown corporations	
St. Lawrence Seaway Management Corporation—Claims and pending and threatened litigation	786
St. Lawrence Seaway Management Corporation—Letters of credit	344
Total	1,385

Financial assistance under budgetary appropriations to consolidated Crown corporations

Table 4.5 summarizes financial assistance under budgetary appropriations for both consolidated agent and non-agent Crown corporations. It should be read in conjunction with Table 4.2. The purpose for which payments have been made under budgetary appropriations is segregated between: *(a)* amounts approved through a program expenditures vote; *(b)* amounts approved through an operating expenditures vote; *(c)* amounts approved through a capital expenditures vote.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

Differences in figures reported in Table 4.2 and those reported in Table 4.5 result from the use of different accounting policies and from items in transit.

Table 4.5
Financial assistance under budgetary appropriations to consolidated Crown corporations for the year ended March 31, 2017

(in thousands of dollars)

	Program expenditures vote	Operating expenditures vote	Capital expenditures vote	Financial assistance under budgetary appropriations[1]
Agent Crown corporations				
Atomic Energy of Canada Limited	784,133	—	—	784,133
Canadian Air Transport Security Authority	725,304	—	—	725,304
Canadian Broadcasting Corporation	—	1,002,307	110,717	1,113,024
Canadian Commercial Corporation	3,510	—	—	3,510
Canadian Dairy Commission	3,773	—	—	3,773
Canadian Museum for Human Rights	33,604	—	—	33,604
Canadian Museum of History	77,747	—	—	77,747
Canadian Museum of Immigration at Pier 21	7,900	—	—	7,900
Canadian Museum of Nature	29,770	—	—	29,770
Canadian Tourism Commission	95,476	—	—	95,476
National Capital Commission	580	67,835	22,789	91,204
National Gallery of Canada	—	38,127	8,000	46,127
National Museum of Science and Technology	108,103	—	—	108,103
Telefilm Canada	97,454	—	—	97,454
The Federal Bridge Corporation Limited	41,782	—	—	41,782
The Jacques Cartier and Champlain Bridges Inc	284,287	—	—	284,287
Total—Agent Crown corporations	2,293,423	1,108,269	141,506	3,543,198
Non-agent Crown corporations				
Canada Council for the Arts	222,574	—	—	222,574
International Development Research Centre	147,474	—	—	147,474
Marine Atlantic Inc	98,967	—	—	98,967
National Arts Centre Corporation	135,309	—	—	135,309
PPP Canada Inc	11,800	—	—	11,800
Standards Council of Canada	10,515	—	—	10,515
VIA Rail Canada Inc	348,387	—	—	348,387
Windsor-Detroit Bridge Authority	334,500	—	—	334,500
Total—Non-agent Crown corporations	1,309,526	—	—	1,309,526
Total	3,602,949	1,108,269	141,506	4,852,724

[1] Excludes grants and contributions paid to agent and non-agent consolidated Crown corporations where they qualify as members of a general class of recipients.

Consolidated specified purpose accounts

Consolidated specified purpose accounts are particular categories of revenues and expenses whereby legislation requires that revenues received for purposes specified in the legislation be credited to these accounts and that related payments be charged to the accounts. They are principally used where the activities are similar in nature to departmental activities and the transactions do not represent future liabilities to third parties but in essence constitute Government revenues and expenses.

The transactions of these accounts are reported with revenues and expenses, in order to provide a more comprehensive reporting of the Government's operating results.

Further, enabling legislation requires that the transactions in each of these accounts be accounted for separately. Table 4.6 presents a summary of the balances and transactions of these accounts, in the manner required by legislation. A narrative description is provided for accounts reported in Table 4.6. Such descriptions follow the same presentation order as their respective tables.

The financial statements of the Employment Insurance Operating Account, together with the Independent Auditor's Report thereon, are presented at the end of this section.

Table 4.6
Consolidated specified purpose accounts

(in dollars)

		Revenues and other credits		Expenses and other debits		
	April 1, 2016	External transactions	Internal transactions	External transactions	Internal transactions	March 31, 2017
Insurance accounts						
Agriculture and Agri-Food						
Department of Agriculture and Agri-Food						
Crop Reinsurance Fund	572,965,250	1,408,768	–	–	–	574,374,018
Less: Interest-bearing loans	277,514,751	–	–	–	–	277,514,751
	295,450,499	*1,408,768*	–	–	–	*296,859,267*
Agricultural Commodities Stabilization Accounts	646,510	–	–	–	–	646,510
	296,097,009	*1,408,768*	–	–	–	*297,505,777*
Families, Children and Social Development						
Department of Employment and Social Development						
Employment Insurance Operating Account, Table 4.7	2,914,928,945	22,190,738,685	412,598,027	20,928,627,105	1,590,283,796	2,999,354,756
Finance						
Department of Finance						
Investors' Indemnity Account	45,303	–	–	–	–	45,303
Health						
Department of Health						
Health Insurance Supplementary Account	28,386	–	–	–	–	28,386
Natural Resources						
Department of Natural Resources						
Nuclear Liability Account	–	4,025,440	–	–	–	4,025,440
Canadian Nuclear Safety Commission						
Nuclear Liability Reinsurance Account	3,819,245	206,195	–	4,025,440		
Transport						
Department of Transport						
Fund for railway accidents involving designated goods		4,985,333	–	71,420	650	4,913,263
Ship-Source Oil Pollution Fund	411,288,187	102,255	3,214,795	1,857,100	3,293,255	409,454,882
Total insurance accounts	3,626,207,075	22,201,466,676	415,812,822	20,934,581,065	1,593,577,701	3,715,327,807

Table 4.6
Consolidated specified purpose accounts—*concluded*

(in dollars)

		Revenues and other credits		Expenses and other debits		
	April 1, 2016	External transactions	Internal transactions	External transactions	Internal transactions	March 31, 2017
Other consolidated specified purpose accounts						
Canadian Heritage						
National Battlefields Commission Trust Fund	775,695	35,599	3,548	(9,840)	10,260	814,422
Environment and Climate Change						
Department of the Environment						
Court award deposits						
Other than Environmental Damages Fund	434,534	38,809	–	38,563	–	434,780
Environmental Damages Fund	12,429,508	3,123,076	3,554,585	1,871,895	–	17,235,274
Parks Canada Agency						
New Parks and Historic Sites Account	14,718,260	93,076	745,878	664,316	131,635	14,761,263
	27,582,302	*3,254,961*	*4,300,463*	*2,574,774*	*131,635*	*32,431,317*
Finance						
Department of Finance						
Canadian Commercial Bank and Northland Bank Holdback Account	246,223,464	–	–	–	–	246,223,464
Fisheries, Oceans and the Canadian Coast Guard						
Department of Fisheries and Oceans						
Supplementary Fines Account *Species at Risk Act*	35,000	–	–	–	–	35,000
Supplementary Fish Fines Account	1,612,111	102,800	–	106,715	–	1,608,196
	1,647,111	*102,800*	–	*106,715*	–	*1,643,196*
Indigenous and Northern Affairs						
Department of Indian Affairs and Northern Development						
Cleanup costs for environmental damage caused by Bowater	2,097,840	–	–	2,097,840	–	–
Environmental Studies Research Fund	1,109,787	–	660,714	–	1,109,787	660,714
	3,207,627	–	*660,714*	*2,097,840*	*1,109,787*	*660,714*
Natural Resources						
Department of Natural Resources						
Environmental Studies Research Fund	3,246,813	6,038,625	–	2,061,157	1,661,484	5,562,797
Public Services and Procurement						
Department of Public Works and Government Services						
Seized Property Proceeds Account	37,509,911	26,273,799	–	29,258,603	–	34,525,107
Transport						
Department of Transport						
Fines for the transportation of dangerous goods	514,074	–	–	–	–	514,074
Total other consolidated specified purpose accounts	320,706,997	35,705,784	4,964,725	36,089,249	2,913,166	322,375,091
Endowment principal						
Environment and Climate Change						
Parks Canada Agency						
Mackenzie King Trust Account	225,000	–	–	–	–	225,000
Health						
Canadian Institutes of Health Research						
Endowments for Health Research	140,267	–	–	65,267	–	75,000
Innovation, Science and Economic development						
National Research Council of Canada						
H.L. Holmes Fund	5,069,755	66,904	–	–	–	5,136,659
W.G. Schneider Fund	30,000	396	–	–	–	30,396
Social Sciences and Humanities Research Council						
Queen's Fellowship Fund	250,000	–	–	–	–	250,000
	5,349,755	*67,300*	–	–	–	*5,417,055*
Total endowment principal	5,715,022	67,300	–	65,267	–	5,717,055
Total	3,952,629,094	22,237,239,760	420,777,547	20,970,735,581	1,596,490,867	4,043,419,953

Insurance accounts

For the following insurance accounts, revenues and other credits from outside parties totalled $22,201 million ($23,167 million in 2016) while expenses and other debits to outside parties totalled $20,935 million ($19,727 million in 2016) and are reported as expenses in the Consolidated Statement of Operations and Accumulated Deficit.

Revenues and other credits of $416 million ($424 million in 2016) and expenses and other debits of $1,594 million ($1,467 million in 2016) internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Crop Reinsurance Fund

This Fund, continued in the accounts of Canada pursuant to subsection 13(1) of the *Farm Income Protection Act*, provides insurance to participating provinces for deficits they might incur in their agriculture insurance funds. The Crop Reinsurance Fund currently operates under the authority of the *Farm Income Protection Act*.

The revenues of the Fund come from a percentage of total premiums collected by provinces for the purpose of insurance of agricultural production. Both the amount of revenue collected and expenditures from the Crop Reinsurance Fund paid to provinces are subject to the terms of reinsurance agreements. When there are insufficient revenues in the Crop Reinsurance Fund to make payments, the Minister of Finance may authorize an advance of additional funds to cover these obligations. These advances are recovered from future revenues. Currently, the interest rate earned on surpluses in the Crop Reinsurance Fund and the interest rate charged to advances to the Fund have been set by the Department of Finance at zero per cent.

Agricultural Commodities Stabilization Accounts

The purpose of these accounts was to reduce income loss to producers from market risks through stabilizing prices. Premiums were shared equally by the Government of Canada, the governments of participating provinces and participating producers.

These accounts are continued in the accounts of Canada pursuant to subsection 16(2) of the *Farm Income Protection Act*. Current activities are limited to collection of accounts receivable. The *Agricultural Stabilization Act*, under which the commodity accounts formerly operated, has been repealed and replaced by the *Farm Income Protection Act* effective April 1, 1991.

Employment Insurance Operating Account

The Canada Employment Insurance Commission (the Commission), a departmental corporation named in Schedule II to the *Financial Administration Act*, administers the *Employment Insurance Act* (the Act). The Commission is co-managed by Commissioners representative of the Government, workers and employers. The objective of the Act is to provide employment insurance benefits, employment programs and services to eligible workers. The financial transactions relating to this objective are reported through the Employment Insurance Operating Account (the Account).

The Account was established in the accounts of Canada by the Act. All amounts received under the Act are deposited in the Consolidated Revenue Fund and credited to the Account. The benefits and the costs of administration of the Act are paid out of the Consolidated Revenue Fund and charged to the Account.

Employee premium rate for each $100 of insurable earnings was $1.88 from January 1, 2016 to December 31, 2016 for employees without a Provincial Parental Insurance Plan and $1.52 for the others. From January 1, 2017 to March 31, 2017, the rate was $1.63 for employees without a Provincial Parental Insurance Plan and $1.27 for the others.

Table 4.7 presents a statement of the transactions in the Employment Insurance Operating Account.

Table 4.7
Transactions in the Employment Insurance Operating Account

(in millions of dollars)

	2016–2017	2015–2016
Revenues		
Premiums		
Employers and employees[1]	22,537	23,491
Penalties and interest revenue	66	95
	22,603	23,586
Expenses		
Benefits	18,644	17,480
Transfers to the provinces – Part II	2,067	1,939
Administration costs	1,585	1,462
Administration cost transferred to provinces	191	191
Bad debts	32	121
	22,519	21,193
Net change	84	2,393
Balance at beginning of year	2,915	522
Balance at end of year	2,999	2,915

[1] The difference between premium revenue presented here and the amount presented in the Government of Canada consolidated financial statements is due to the elimination on consolidation of premiums incurred by the Government of Canada, for an amount of $413 million ($421 million in 2016).

Investors' Indemnity Account

Section 57 of the *Financial Administration Act* provides for this account, and for the crediting thereto of the sum of $25,000, such further amounts as are appropriated by Parliament for the purposes of this section, and any recoveries of the losses referred to in section 58 of the Act. This sum was increased to $50,000 by Treasury Board Submission No. 817667 dated December 12, 1991.

Section 58 of the Act states that the Minister may, in accordance with and subject to regulations, pay out of the account, any losses sustained by subscribers for securities who have paid all or part of the purchase price for those securities but have not received the security or repayment of the amount so paid, and losses sustained by any person in the redemption of securities.

Health Insurance Supplementary Account

This account was established pursuant to Vote L16b, *Appropriation Act No. 2, 1973*, to record payments in respect of persons who, through no fault of their own, have lost or been unable to obtain coverage for the insured health services under the *Canada Health Act*, and in accordance with the Federal-Provincial Agreement on Eligibility and Portability. Contributions are made by all provinces to the account in proportion to population and are matched by the Federal Government.

Nuclear Liability Account—Department of Natural Resources

This account is a continuation of the Nuclear Liability Reinsurance Account under the previous *Nuclear Liability Act*. It is established pursuant to sub-section 32(1) of the *Nuclear Liability and Compensation Act*, to record indemnity fees paid by operators and to provide for payment of any claims arising under the indemnity agreements entered into between the Government and nuclear installation operators.

Nuclear Liability Reinsurance Account

This account was established pursuant to sections 16 and 17 of the *Nuclear Liability Act* (NLA), to record premiums and to provide for payment of claims arising from accidents at an insured facility. On January 1, 2017, the *Nuclear Liability and Compensation Act* (NLCA) came into effect and replaced the NLA. The NLCA is administered by the Department of Natural Resources (NRCan); therefore, the liability accumulated under the NLA has been transferred from the Canadian Nuclear Safety Commission to NRCan.

Fund for railway accidents involving designated goods

This account was established pursuant to the *Safe and Accountable Rail Act* to establish a compensation fund to cover the losses, damages, costs and expenses resulting from a railway accident involving crude oil or other designated goods that exceed the minimum liability insurance coverage. This account is financed by a levy on shipments of crude oil by rail.

Ship-Source Oil Pollution Fund

This account was established pursuant to subsection 2001, c.6 of the *Marine Liability Act* (previously the *Canada Shipping Act*), to record levy tonnage payments for oil carried by ships in Canadian waters. Maritime pollution claims, the fee of the Fund Administrator, and related oil pollution control expenses, are to be financed out of the Fund.

Other consolidated specified purpose accounts

For the following other consolidated specified purpose accounts, revenues and other credits from outside parties of $36 million ($40 million in 2016) are reported while expenses and other debits to outside parties of $36 million ($19 million in 2016) are reported in the Consolidated Statement of Operations and Accumulated Deficit.

Revenues and other credits of $5 million ($3 million in 2016), and expenses and other debits of $3 million ($4 million in 2016) internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Trust Fund

This account was established at the creation of the National Battlefields Commission for the purpose of acquiring various properties for the development of the park. The funds are received by way of private contributions, from municipal corporations, provincial governments and others, and deposited for the purposes of the Commission, as prescribed for in its incorporation Act. Following the land acquisitions of the Commission, funds remained in the account and increased over a period of years as a result of interest earned, while the Commission was listed in Schedule C of the *Financial Administration Act*, prior to September 1, 1984.

Court Award Deposits—Other than Environmental Damages Fund

This account was established for the management of court orders/awards or other financial compensation to the Department of Environment that are not under the legal authority of the Environmental Damages Fund.

Environmental Damages Fund

This account was established for the management of court orders/awards or other financial compensation to the Department of Environment for damages to the environment.

New Parks and Historic Sites Account

This account was established pursuant to the *Parks Canada Agency Act* to record payments to be used to acquire lands or property required to establish any national park, national historic site or other protected heritage area that has not yet attained full operation status, and to make any related contributions.

Canadian Commercial Bank and Northland Bank Holdback Account

This account was established to record the amount held from the recovery of monies received from the winding up of Canadian Commercial Bank and Northland Bank.

During the fiscal year, no claims have been received for potential payments from the holdback.

Supplementary Fines Account—*Species at Risk Act*

The account was established to record the deposit of funds received from persons declared guilty of offences under the *Species at Risk Act*, under paragraph 105*(h)* of the Act.

Supplementary Fish Fines Account

The account was established to record the deposit of funds received from persons declared guilty of offences under the *Fisheries Act*, under paragraph 79(2)*(f)* of the Act.

Cleanup costs for environmental damage caused by Bowater

This account was established pursuant to a decision of the Commercial Division of the Superior Court in the Province of Quebec. The balance in the account is to be used to finance the remediation of environmental damage caused by Bowater Canadian Forest Products Inc. relative to a land lease issued by the Department of Indian Affairs and Northern Development. As of fiscal year 2016–2017, the cleanup was completed and the outstanding balance in this consolidated specified purpose account has been transferred to the Indian band funds revenue accounts in Table 6.30 of Section 6 of this volume.

Environmental Studies Research Fund—Department of Indian Affairs and Northern Development

This account was established pursuant to subsection 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Fund is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier lands, authorized under this Act or any other act of Parliament, should be conducted.

Environmental Studies Research Fund—Department of Natural Resources

This account was established pursuant to subsection 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Fund is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier lands, authorized under this Act or any other act of Parliament, should be conducted.

Seized Property Proceeds Account

This account was established, pursuant to section 13 of the *Seized Property Management Act*, to record the net proceeds received from the disposition of seized and forfeited properties to Her Majesty or fines imposed and also funds received from the government of foreign states pursuant to agreements for the purpose of the Act. The Act also provides that the following be charged to the Account: operating expenses incurred in carrying out the purpose of the Act, amounts paid as a result of claims and repayments of advances from the Minister of Finance, interest on drawdown from Seized Property Working Capital Account and distribution of the proceeds to the relevant jurisdictions and the Consolidated Revenue Fund.

Fines for the transportation of dangerous goods

This account was established, pursuant to the *Transportation of Dangerous Goods Act, 1992* and related regulations, to record fines levied by courts.

Endowment principal

For the following endowment principal accounts, revenues and other credits from outside parties of $67,000 ($64,000 in 2016) are reported while expenses and other debits to outside parties of $65,000 (nil in 2016) are reported in the Consolidated Statement of Operations and Accumulated Deficit.

Mackenzie King Trust Account

The late The Right Hon W L Mackenzie King bequeathed Laurier House, Ottawa, and the sum of $225,000, to the Government of Canada. The amount of $225,000 was credited to the account and earns interest, in accordance with the terms of section 3 of the *Laurier House Act*. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

Endowments for health research

This account was established by section 29 of the *Canadian Institutes of Health Research Act* to record various endowments received from donors for the purpose of health research. The interest received is used for the payment of research grants.

H.L. Holmes Fund

This account was established, pursuant to paragraph 5(1)*(f)* of the *National Research Council Act*, to record the residue of the estate of H.L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H.L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

W.G. Schneider Fund

This account was established pursuant to paragraph 5(1)*(f)* of the *National Research Council Act*, to record the residue of the estate of W.G. Schneider. The yearly net income from the fund shall be used to finance the Schneider Medal. This award recognizes employees who have made outstanding contributions to the National Research Council of Canada.

Queen's Fellowship Fund

This fund is an endowment of $250,000 that was established by Vote 45a, *Appropriation Act No. 5, 1973-74*. The interest earned is used for the payment of fellowships to graduate students in certain fields of Canadian studies.

Supplementary statement

Employment Insurance Operating Account

Management's responsibility for financial statements

The financial statements of the Employment Insurance Operating Account are prepared in accordance with Canadian public sector accounting standards by the management of Employment and Social Development Canada (ESDC). Management is responsible for the integrity and objectivity of the information in the financial statements, including the amounts which must, of necessity, be based on best estimates and judgement. The significant accounting policies are identified in Note 2 to the financial statements.

To fulfill its accounting and reporting responsibilities, management has developed and maintains books of account, financial and management controls, information systems and management practices. These systems are designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Employment Insurance Act* and regulations, as well as the *Financial Administration Act* and regulations.

The Auditor General of Canada, the external auditor of the Employment Insurance Operating Account, conducts an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards and provides a report to the Minister of Families, Children and Social Development.

The financial statements of the Employment Insurance Operating Account are an integral part of the *Public Accounts of Canada*, which are tabled in the House of Commons and are referred to the Standing Committee on Public Accounts for examination purposes.

Louise Levonian
Deputy Minister
Employment and Social Development Canada
and Chairperson of the Canada Employment Insurance Commission

Mark Perlman, CPA, CMA
Chief Financial Officer
Employment and Social Development Canada

Gatineau, Canada
August 29, 2017

Employment Insurance Operating Account—*continued*

Independent Auditor's Report

To the Minister of Families, Children and Social Development

I have audited the accompanying financial statements of the Employment Insurance Operating Account, which comprise the statement of financial position as at 31 March 2017, and the statement of operations and accumulated surplus, statement of change in net financial assets and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Employment Insurance Operating Account as at 31 March 2017, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Nathalie Chartrand, CPA, CA
Principal
for the Auditor General of Canada

29 August 2017
Ottawa, Canada

Employment Insurance Operating Account—*continued*

Statement of financial position
as at March 31

(in thousands of dollars)

	2017	2016
Financial assets		
Balance of the account with Receiver General for Canada	1,397,067	924,112
Premiums receivable	1,559,492	1,994,721
Benefit overpayments, penalties and interest receivable (Note 3)	413,081	371,625
Benefit repayments receivable from higher income claimants	387,215	375,011
	3,756,855	3,665,469
Liabilities		
Benefits payable	738,921	676,547
Other accounts payable (Note 4)	18,579	73,993
	757,500	750,540
Net financial assets and accumulated surplus	**2,999,355**	**2,914,929**

Contractual obligations (Note 10)
Contingent liabilities (Note 11)
The accompanying notes and schedules are an integral part of these financial statements.

Approved by:

Louise Levonian
Deputy Minister
Employment and Social Development Canada
and Chairperson of the Canada Employment Insurance Commission

Mark Perlman, CPA, CMA
Chief Financial Officer
Employment and Social Development Canada

Employment Insurance Operating Account—*continued*

Statement of operations and accumulated surplus for the year ended March 31

(in thousands of dollars)

	2017	2017	2016
	Budget (Note 6)	Actual	Actual
Revenues			
Premiums (Note 7)	22,708,500	22,537,353	23,491,100
Penalties (Note 3)	42,400	51,306	57,220
Interest (Note 3)	16,300	14,678	37,791
	22,767,200	22,603,337	23,586,111
Expenses			
Benefits and support measures (Schedule I)			
Income benefits (Note 8)	17,910,000	18,794,322	17,632,921
Transfers to provinces and territories related to Labour Market Development Agreements	1,950,000	2,067,435	1,938,683
Support measures	123,630	112,490	111,660
Benefit repayments from higher income claimants	(258,000)	(263,109)	(264,639)
	19,725,630	20,711,138	19,418,625
Administration costs (Note 9)	1,605,950	1,775,852	1,653,336
Bad debts	50,000	31,921	120,927
	21,381,580	22,518,911	21,192,888
Net surplus for the year	1,385,620	84,426	2,393,223
Accumulated surplus—beginning of year	**2,914,929**	**2,914,929**	**521,706**
Accumulated surplus—end of year	**4,300,549**	**2,999,355**	**2,914,929**

The accompanying notes and schedules are an integral part of these financial statements.

Statement of change in net financial assets for the year ended March 31

(in thousands of dollars)

	2017	2017	2016
	Budget (Note 6)	Actual	Actual
Net surplus for the year	1,385,620	84,426	2,393,223
Net financial assets—beginning of year	2,914,929	2,914,929	521,706
Net financial assets—end of year	**4,300,549**	**2,999,355**	**2,914,929**

The accompanying notes and schedules are an integral part of these financial statements.

Employment Insurance Operating Account—*continued*

Statement of cash flow for the year ended March 31

(in thousands of dollars)

	2017	2016
Operating activities		
Cash receipts		
Premiums	22,972,582	23,320,035
Recoveries of benefit overpayments and penalties	365,252	327,868
Benefit repayments received from higher income claimants	250,904	233,656
	23,588,738	23,881,559
Cash payments		
Income benefits	(19,127,998)	(17,856,628)
Transfers to provinces and territories related to Labour Market Development Agreements	(2,067,435)	(1,938,683)
Support measures	(115,291)	(108,491)
Administration costs	(1,805,059)	(1,651,859)
	(23,115,783)	(21,555,661)
Net change in balance of the account with Receiver General for Canada	**472,955**	**2,325,898**
Balance of the account with Receiver General for Canada		
Beginning of year	924,112	(1,401,786)
End of year	**1,397,067**	**924,112**

The accompanying notes and schedules are an integral part of these financial statements.

Employment Insurance Operating Account—*continued*

Notes to the financial statements for the year ended March 31, 2017

1. Authority, objective and responsibilities

The Canada Employment Insurance Commission (the Commission), a departmental corporation named in Schedule II to the *Financial Administration Act*, administers the *Employment Insurance Act* (the Act). The Commission is co-managed by Commissioners representative of the Government, workers and employers. The objective of the Act is to provide employment insurance (EI) benefits and employment programs and services to eligible workers. The financial transactions relating to this objective are reported through the Employment Insurance Operating Account (the Account).

The Account was established in the accounts of Canada by the Act. All amounts received under the Act are deposited in the Consolidated Revenue Fund and credited to the Account. The benefits and the costs of administration of the Act are paid out of the Consolidated Revenue Fund and charged to the Account. In these financial statements, the Consolidated Revenue Fund is represented by the Balance of the account with Receiver General for Canada.

The Commission, through the officers and employees of the Department of Employment and Social Development (ESDC), is responsible for the delivery of the Employment Insurance program and the day-to-day administration of the Account, including setting the EI premium rate, the annual maximum insurable earnings and the employer's premium reduction in respect of wage-loss plans, subject to the legislated parameters in the Act.

Starting with the 2017 EI premium rate, the Commission assumed responsibility for setting the EI premium rate for each year no higher than needed to cover the projected costs of the EI program over a seven-year period and eliminate any cumulative surplus/deficit in the Account.

The Minister of National Revenue is responsible for collecting premiums from employers and employees, and for administering and enforcing the provisions of the Act relating to benefit repayments receivable from higher income claimants.

The Act authorizes the Commission, with the approval of the Minister responsible for ESDC, to enter into Labour Market Development Agreements with each province and territory. Under these agreements, the Government of Canada provides contributions to provincial and territorial governments to be used to pay for all or a portion of the costs of their benefits and measures provided they are similar to the employment benefits and support measures established under Part II of the Act. The contributions can also be used to pay for any administration costs incurred in providing these similar benefits and measures.

The Act also requires the Commission to make regulations to provide a system to reduce employers' and employees' premiums when payments under a provincial law would have the effect of reducing or eliminating the special benefits payable under the Act.

2. Significant accounting policies

The Account is a component of the Government of Canada reporting entity. In this context, its operations are consolidated with those of the Government and are presented in the financial statements of the Government of Canada.

(a) Basis of accounting

These financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS).

(b) Premiums

Premiums are recognized as revenue in the period in which they are earned, when workers, through their employment, generate these premiums and the related employer's contribution. Premiums earned in the period are measured from amounts assessed by the Canada Revenue Agency (CRA) and from estimates of amounts not yet assessed. Premium revenue also includes adjustments between actual and estimated premiums of previous years.

(c) Benefits and support measures

Benefits and support measures include income benefits (or benefits under Part I of the Act) and employment benefits and support measures (benefits under Part II of the Act). Those benefit expenses are recorded when the recipients become entitled to the benefits. An estimate of the benefits earned by the recipients related to the current fiscal year but not yet paid are recorded as benefits payable. This estimate is based on actual payments made subsequent to year-end.

Income benefits provide temporary income support to claimants while they look for work. Income benefits include self-employed fishers and work-sharing agreements for temporary work shortages. It also includes special benefits such as maternity, parental, sickness and compassionate care benefits. Income benefit expenses represent the amounts paid and payable to claimants for the period relating to the fiscal year, for the weeks the claimants were entitled to the payments. Overpayments established during the year are deducted from these expenses.

Employment Insurance Operating Account—*continued*

Notes to the financial statements for the year ended March 31, 2017—*continued*

The rates for income benefits are set on a calendar year basis. The maximum rate is $543 per week for the period from January to December 2017, and $537 per week for January to December 2016 ($524 per week for 2015). Benefits are paid at the lesser of 55 per cent of average insurable earnings and the maximum rate. For claimants who qualify as a low-income family with children, the rate may be increased up to the lesser of 80 per cent of average insurable earnings and the maximum rate.

Transfer payments to the provinces and territories under the Labour Market Development Agreements are made pursuant to section 63 of the Act. Similar to the employment benefits and support measures, these transfer payments are recorded as expenses in the year in which the provinces/territories met the eligibility criteria and the transfers are authorized. Overpayments to provinces and territories are recovered and recorded in reduction of expenses.

Support measures provide financial assistance, through government transfers, to eligible persons to help them re-integrate into the labour market and to third parties to help them provide employment assistance services to unemployed workers and employed persons if they are facing a loss of their employment. These expenses include the direct costs of financial and employment assistance programs and related measures provided to eligible persons and third parties. Government transfers are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement and the transfer is authorized.

Claimants with income levels higher than those stated in the Act have to repay benefits received. Benefit repayments received and the estimated benefit repayments receivable are assessed by the CRA based on tax returns assessed and an estimate of tax returns not yet assessed. These benefit repayments are disclosed in the Statement of operations and accumulated surplus and Schedule I as benefit repayments from higher income claimants.

(d) Administration costs

Administration costs are accounted for and charged to the Account in accordance with various memoranda of understanding. The Account does not have employees and ESDC administers the Act on behalf of the Account. In addition to ESDC, other government departments also provide services to the Account and under all the various memoranda of understanding, the Account is charged at cost.

(e) Balance of the account with Receiver General for Canada

The Account operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by and credited to the Account is deposited to the CRF, and all cash disbursements made by and charged to the Account are paid from the CRF. The balance of the account with Receiver General for Canada is the difference between all cash receipts and all cash disbursements, including transactions with departments of the Government.

(f) Related party transactions

The Account is a component of the Government of Canada reporting entity and is therefore related to all federal departments, agencies and Crown corporations. The Account enters into transactions with these entities in the normal course of operations, which are recorded at the exchange value.

(g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires that management makes estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and revenues and expenses during the reporting period. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant estimates are related to premium revenue and receivables, administration costs, benefit repayments, allowances for doubtful accounts, estimated overpayments and underpayments of benefits disclosed in Note 8, contingent liabilities and the amounts presented in Schedule II. Actual results could differ significantly from those estimates.

3. Benefit overpayments, penalties and interest receivable

(in thousands of dollars)

	2017	2016
Benefit overpayments and interest receivable	576,444	569,409
Penalties and interest receivable	143,980	138,799
	720,424	708,208
Less: allowance for doubtful accounts	307,343	336,583
	413,081	371,625

Overpayments on claims processed during the current and preceding years are detected through a verification process. These overpayments are accounted for by reducing the benefit expenses during the year in which they are established.

Employment Insurance Operating Account—*continued*

Notes to the financial statements for the year ended March 31, 2017—*continued*

Penalties may be imposed on a claimant or an employer that provided false or misleading information. Interest is charged on outstanding employment insurance debts caused through misrepresentation and on penalties. The Act sets the maximum amounts that may be imposed in these cases.

(in thousands of dollars)

	2017	2016
Benefit overpayments and interest receivable—beginning of year	569,409	559,516
Benefit overpayments established during the year	372,646	356,982
Interest accrued during the year	12,474	29,214
Benefit overpayments recovered during the year	(328,430)	(291,738)
Uncollectible benefit overpayments written off during the year	(49,655)	(84,565)
Benefit overpayments and interest receivable—end of year	576,444	569,409
Penalties and interest receivable—beginning of year	138,799	130,688
Penalties imposed during the year	51,306	57,220
Interest accrued during the year	4,691	10,802
Penalties recovered during the year	(36,822)	(36,130)
Uncollectible penalties written off during the year	(13,994)	(23,781)
Penalties and interest receivable—end of year	143,980	138,799

An allowance for doubtful accounts is recorded for benefit overpayments, penalties and interest receivable. The allowance is estimated by aging the balance of the accounts receivable outstanding and applying varying percentages based on past recovery experience to the aging categories.

During 2016–2017, the Account charged a total $17.2 million ($40.0 million in 2015–2016) of interest. The interest revenue presented in the Statement of operations and accumulated surplus ($14.7 million in 2016–2017 and $37.8 million in 2015–2016) is net of interest charged on accounts receivable deemed unrecoverable ($2.5 million in 2016–2017 and $2.2 million in 2015–2016). The allowance for doubtful accounts was increased by this amount.

4. Other accounts payable

(in thousands of dollars)

	2017	2016
Accounts payable—Federal government departments and agencies		
Amounts payable to ESDC related to Labour Market Development Agreements	5,739	5,918
Tax deductions on benefits due to CRA	5,702	29,026
Administration costs payable to federal government departments	4,675	33,703
Other deductions	390	248
	16,506	68,895
Accounts payable—External parties		
Assignments of benefits due to social services organizations	1,114	950
Tax deductions on benefits due to Quebec	959	4,148
	2,073	5,098
	18,579	73,993

Employment Insurance Operating Account—*continued*

Notes to the financial statements for the year ended March 31, 2017—*continued*

5. Financial assets and liabilities

The fair values of the premiums receivable, benefit repayments receivable from higher income claimants, benefits payable and other accounts payable are considered by management to be comparable to their carrying values because of their short term maturity. These financial assets and liabilities should either be received or paid in the next fiscal year.

Benefit overpayments, penalties and interest are usually recovered over a period longer than one year. As interest is only applicable to overpayments caused through misrepresentation and on penalties, and as the allowance for doubtful accounts reduces the carrying value, the benefit overpayments, penalties and interest receivable is assumed to approximate its fair value.

All of these financial assets and liabilities arose in the normal course of business.

6. Comparison of results against budget

The budget amounts included in the Statement of operations and accumulated surplus and Schedule I—Benefits and support measures, are part of the amounts reported in the Employment and Social Development Canada's future oriented consolidated financial statements, which are included in the *2016–2017 Report on Plans and Priorities*.

7. Premiums

Premiums for the fiscal year are measured by the Canada Revenue Agency (CRA) based on amounts assessed and reassessed at the time of preparation of its financial statements and an estimate of premiums earned in the period but not yet assessed or reassessed.

Premium revenue includes an estimate of premiums earned in the fiscal year but not yet assessed or reassessed at the time of preparation of the financial statements. Fiscal year 2016–2017 includes $7,347 million in forecasted premium revenue for the 3-month period from January to March 2017 ($8,224 million in 2016), or approximately 34.87 per cent (34.55 per cent in 2016) of the total forecast premium revenue of $21,069 million for calendar year 2017 ($23,805 million for 2016), net of reductions and refunds. This estimate is based on the forecasted total insurable earnings of $583,073 million in calendar year 2017 ($584,844 million in 2016). The total insurable earnings forecasts are mainly dependent upon the projected growth in both employment (1.03 per cent in 2017 and 0.71 per cent in 2016) and average wages (2.12 per cent in 2017 and 1.68 per cent in 2016).

A variation in these assumptions would have an impact on the total insurable earnings forecasted and consequently, forecasted premium revenue. The sensitivity analysis below was determined based on changes to the respective assumptions while holding all other assumptions constant:

		Forecasted premium revenue
Variable	Variation	January–March 2017
Employment growth	+/- 0.1%	+/- 7 million
Average wages	+/- 0.1%	+/- 3 million

Actual premium revenue for calendar years 2016 and 2017 will only be known once the CRA has processed all employer declarations of premiums for these years. An adjustment for the difference between actual and estimated premiums will be recorded in the fiscal year in which the actual assessment or reassessment results are known. The difference between estimated and actual premium revenue for calendar year 2015, as known and recorded at the time of the preparation of these financial statements is a decrease in revenue of $49.4 million ($99.0 million increase for calendar year 2014 in 2015–2016 financial statements).

For the 2017 calendar year, premium rate for each $100 of insurable earnings was set under section 66 of the Act at 1.63 (1.88 in 2016 and 2015) for the employees who were residents of provinces without a provincial plan. For employees who were residents of provinces with a provincial plan, the premium rate was 1.27 (1.52 in 2016 and 1.54 in 2015). The employers must pay 1.4 times the amount of the employee's premiums. The annual maximum insurable earnings for 2017 is $51,300 ($50,800 in 2016 and $49,500 in 2015).

Employment Insurance premiums include the employer's share of premiums paid by the federal government of $412.6 million ($421.1 million in 2015-2016).

Employment Insurance Operating Account—*continued*

Notes to the financial statements for the year ended March 31, 2017—*continued*

8. Estimated overpayments and underpayments of benefits

The verification of claims is conducted both prior to and after claimants have begun to receive benefits, using a combination of up-front and automated control measures and post-payment verification activities.

In order to measure the accuracy of benefit payments, ESDC has a program in place which establishes an annual payment accuracy rate and estimates, through statistical extrapolation, the most likely value of incorrect benefit payouts.

For benefits paid during the twelve months ended March 31, 2017, these undetected overpayments and underpayments are estimated to be $655.7 million and $219.1 million respectively ($863.7 million and $232.4 million in 2015–2016). The annual payment accuracy rate (which is comprised of three error sources: claimant, employer and administrative) and estimated value of errors are used by ESDC to assess the quality of decisions and the need, if any, to improve its systems and practices of processing claims.

The overpayments established during the year, as indicated in Note 3, are not directly linked to the above noted estimated overpayments and underpayments of benefits for the same period.

9. Administration costs

Costs incurred for administering the Act are charged to the Account based on various memoranda of understanding with federal government departments and entities.

In addition, the administration costs paid to provinces and territories to administer the Labour Market Development Agreements are included in the administration costs for the year based on provisions of the agreements.

(in thousands of dollars)

	2017	2016
Federal government departments and agencies		
Employment and Social Development Canada		
Personnel related costs	822,989	802,557
Non-personnel related costs	447,816	376,646
Canada Revenue Agency		
Collection of premiums and rulings	230,178	218,630
Treasury Board Secretariat		
Health Insurance Plan and Public Service Insurance	79,029	60,297
Administrative Tribunals Support Service of Canada		
Social Security Tribunal	9,174	8,019
Courts Administration Services		
Courts Administration Services	1,098	1,097
	1,590,284	1,467,246
External parties		
Administration costs incurred by provinces and territories under the Labour Market Development Agreements	191,217	191,556
	1,781,501	1,658,802
Deduct: recovery of costs for maintaining the social insurance number registry	5,649	5,466
	1,775,852	1,653,336

Employment Insurance Operating Account—*continued*

Notes to the financial statements for the year ended March 31, 2017—*concluded*

10. Contractual obligations

The nature of the Account activities can result in some large multi-year agreements whereby the Account will be obligated to make future payments in order to carry out its transfer payment programs. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)

	2018	2019	2020	2021	2022 and thereafter	Total
Labour Market Development Agreements	2,141,756	–	–	–	–	2,141,756
Other transfer payments	102,864	1,591	571	–	–	105,026
Administration costs	1,739,333	–	–	–	–	1,739,333
Total	**3,983,953**	**1,591**	**571**	**–**	**–**	**3,986,115**

Labour Market Development Agreements (LMDA) with eight of the provinces and territories require a two year notice for cancellation of the agreements. The obligations for 2019 cannot be reasonably estimated.

Administration costs are charged to the Account in accordance with various memoranda of understanding (MOU). The MOUs require written notification for cancellation and one of the more significant MOUs require one year advanced notification. Therefore, the administration costs disclosed are an estimation of the costs that will be charged to the Account in the next fiscal year. Administration costs are expected to continue to be charged to the Account in the upcoming fiscal years, but cannot be reasonable estimated at this time.

11. Contingent liabilities

In the normal course of the operations, numerous appeals against or by the Commission are presently outstanding. The outcome of these appeals is not presently determinable. Any claims resulting from the resolution of these appeals will be accounted for as an expense in the period in which the claim will be determinable. However, in the opinion of management, the result of these appeals should not have a significant impact on the operations of the Account as the total contingent liability amount is estimated at $33.5 million as at March 31, 2017.

12. Comparative information

Certain comparative figures have been reclassified to conform to the current year's presentation.

Employment Insurance Operating Account—*continued*

Schedule I—Benefits and support measures for the year ended March 31

(in thousands of dollars)

	2017 Budget (Note 6)	2017 Actual	2016 Actual
Part I—Income benefits			
Regular	12,075,000	12,907,186	12,058,162
Fishing	292,000	300,611	287,070
Work-sharing	32,000	47,545	40,366
	12,399,000	13,255,342	12,385,598
Special benefits			
Parental	2,766,000	2,699,944	2,611,676
Sickness	1,488,000	1,560,347	1,444,042
Maternity	1,176,000	1,171,972	1,124,182
Compassionate care	40,000	54,855	17,736
Adoption	–	21,367	21,452
Parents of critically ill children	30,000	20,692	19,071
Self-employment	11,000	9,803	9,164
	5,511,000	5,538,980	5,247,323
Total income benefits	**17,910,000**	**18,794,322**	**17,632,921**
Less: benefit repayments from higher income claimants	258,000	263,109	264,639
Total part I	**17,652,000**	**18,531,213**	**17,368,282**
Part II—Employment benefits and support measures			
Employment benefits			
Transfer payments to provinces and territories related to Labour Market Development Agreements	1,950,000	2,067,435	1,938,683
Support measures			
Labour market partnerships	119,530	106,735	110,286
Research and innovation	4,100	5,755	1,374
	123,630	112,490	111,660
Total part II	**2,073,630**	**2,179,925**	**2,050,343**
Total Benefits and support measures	**19,725,630**	**20,711,138**	**19,418,625**

Employment Insurance Operating Account—*concluded*

Schedule II—Statement of operations and accumulated surplus for the period of January 1st to December 31st

(in thousands of dollars)

	2016	2015
Revenues		
Premiums	23,707,452	23,296,333
Penalties	59,523	43,634
Interest	36,158	10,838
	23,803,133	23,350,805
Expenses		
Income benefits	18,573,121	17,190,213
Transfers to provinces and territories related to Labour Market Development Agreements	1,942,435	1,938,870
Support measures	115,802	111,612
Benefits repayments from higher income claimants	(274,714)	(248,126)
	20,356,644	18,992,569
Administration costs	1,745,232	1,654,314
Bad debts	54,173	103,131
	22,156,049	20,750,014
Net surplus for the period	1,647,084	2,600,791
Accumulated surplus (deficit)—beginning of period	866,769	(1,734,022)
Accumulated surplus—end of period	**2,513,853**	**866,769**

The estimates provided in this Schedule for calendar year 2016, which is prepared in accordance with Canadian public sector accounting standards, are used by the Commission to establish the Employment Insurance premium rate for the following calendar year. The mechanism for setting the Employment Insurance premium rate is designed to ensure that revenues and expenditures break even over time.

Section 5

2016–2017

Public Accounts of Canada

Accounts payable and accrued liabilities

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Other accounts payable and accrued liabilities 5.3
Deferred revenues 5.6
Amounts payable to taxpayers 5.10
Environmental liabilities and asset retirement obligations 5.11
Interest and matured debt 5.14

Accounts payable and accrued liabilities

This section contains information on accounts reported on the Consolidated Statement of Financial Position under "Accounts payable and accrued liabilities". The establishment and operation of these accounts are authorized by Parliament in annual appropriation acts and other legislation. In many cases, these accounts represent accounts payable, accruals and allowances set up at year end under the authority granted to the President of the Treasury Board under the *Financial Administration Act*.

Table 5.1 presents the year-end balances of accounts payable and accrued liabilities by category. The chart presents accounts payable and accrued liabilities by category at March 31.

Most tables in this section present the continuity of accounts, by showing the opening and closing balances. A narrative description is provided for accounts reported in some tables. Such descriptions follow the same presentation order as their respective tables.

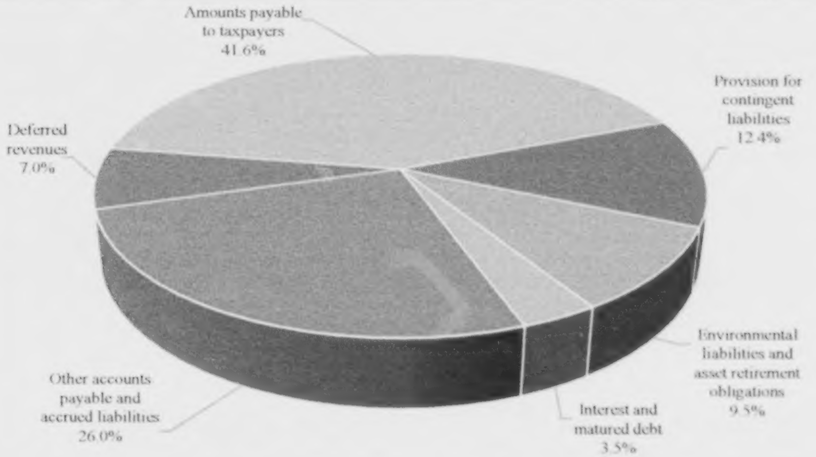
Table 5.1
Accounts payable and accrued liabilities

(in dollars)

	March 31, 2017	March 31, 2016
Other accounts payable and accrued liabilities, Table 5.2	34,431,423,345	33,231,360,275
Deferred revenues, Table 5.5	9,237,666,335	10,158,284,998
Amounts payable to taxpayers, Table 5.6	55,077,063,960	53,697,293,628
Provision for contingent liabilities	16,511,133,089	12,561,817,668
Environmental liabilities and asset retirement obligations, Table 5.7	12,598,881,437	13,281,973,449
Interest and matured debt, Table 5.9	4,662,786,959	4,921,554,581
Total	132,518,955,125	127,852,284,599

Certain comparative figures have been reclassified to conform to the current year's presentation.

Accounts payable and accrued liabilities by category at March 31, 2017



Other accounts payable and accrued liabilities

Other accounts payable and accrued liabilities includes accounts payable, accrued salaries and benefits, notes payable to international organizations, the provincial, territorial and Aboriginal tax agreements account, miscellaneous paylist deductions and other accounts.

Table 5.2 presents a summary of the balances for the accounts in this category of accounts payable and accrued liabilities.

Table 5.2
Other accounts payable and accrued liabilities

(in dollars)

	March 31, 2017	March 31, 2016
Accounts payable	19,142,405,030	19,058,624,055
Add: consolidation adjustment[1]	6,699,628,182	4,540,433,403
	25,842,033,212	*23,599,057,458*
Accrued salaries and benefits	5,589,119,440	4,558,674,474
Notes payable to international organizations, Table 5.3	36,161,313	35,312,954
Provincial, Territorial and Aboriginal Tax Agreements Account, Table 5.4	2,385,335,092	4,326,846,356
Miscellaneous paylist deductions	65,258,090	73,005,759
Other	513,516,198	638,463,274
Total	34,431,423,345	33,231,360,275

[1] Additional information on the consolidated Crown corporations and other entities is provided in Section 4 of this volume. Deferred revenues of consolidated Crown corporations and other entities, previously included in this table, are now presented in Table 5.5.

Accounts payable

This account records amounts owing at year end pursuant to contractual arrangements, or for work performed, goods received, or services rendered, accrued amounts to be paid from appropriations and statutory authorities, and accrued financial obligations of consolidated Crown corporations and other entities.

Accrued salaries and benefits

This account records salaries and wages owing at year end, amounts owing for earned and unpaid annual vacation leave and compensation time, and other accrued amounts relating to unpaid or retro-active salaries.

Notes payable to international organizations

Share capital subscriptions, loans and advances are made to international organizations using cash, notes payable, or both, that are later presented for encashment according to terms of agreements. These demand notes are non-interest bearing and are non-negotiable. The subscriptions, loans and advances are recorded as assets and details are reported in Table 9.12 in Section 9 of this volume.

Table 5.3 presents the balances and transactions for the notes payable.

Table 5.3
Notes payable to international organizations

(in dollars)

		Receipts and other credits		Payments and other charges		
	April 1, 2016	Note issuances	Revaluation[1]	Note encashment	Revaluation[1]	March 31, 2017
Department of Finance						
International Bank for Reconstruction and Development (World Bank)	31,146,556	–	748,265	–	–	31,894,821
Multilateral Investment Guarantee Agency	4,166,398	–	100,094	–	–	4,266,492
Total	35,312,954	–	848,359	–	–	36,161,313

[1] Notes denominated in foreign currencies are translated into Canadian dollars at the year-end closing rates of exchange

Provincial, Territorial and Aboriginal Tax Agreements Account

This account records taxes administered by the Government of Canada on behalf of provinces, territories, and aboriginal governments, in accordance with agreements entered into by the Minister of Finance pursuant to the *Federal-Provincial Fiscal Arrangements Act* and, in the case of First Nations Goods and Services Tax, pursuant to the *First Nations Goods and Services Tax Act*.

The Government of Canada, as represented by the Minister of Finance, has entered into agreements with all provinces and territories (except Quebec) to collect and administer personal income tax, and with all provinces and territories (except Quebec and Alberta) to collect and administer corporate tax, and to pay amounts assessed in respect thereof in accordance with the agreements.

Agreements have also been entered into with certain aboriginal governments, to collect First Nations Personal Income Tax as well as First Nations Sales Tax levied on motive fuels, tobacco, and alcohol and First Nations Goods and Services Tax levied on the same range of goods and services as the federal goods and services tax, and to make payments to the respective governments in accordance with the agreements.

This account also records transactions relating to agreements that the Government of Canada has entered into with the provinces of Ontario, New Brunswick, Nova Scotia, Newfoundland and Labrador and Prince Edward Island regarding the Harmonized Sales Tax, and payments made to those provinces in accordance with the Comprehensive Integrated Tax Coordination Agreements between the Government of Canada and the provinces. Effective April 1, 2013, the province of British Columbia returned to the provincial sales tax regime.

The *Public Accounts of Canada* reports information on an April to March fiscal year basis, while tax information is generally calculated on a calendar year basis. Transactions related to several tax years can occur during a given fiscal year. For example, during a given fiscal year, payments are made, based on estimates, in respect of two calendar years (April to December and January to March). During this period, it is also necessary to make payments or adjustments related to tax revenues, rebates and credits for previous calendar years. Table 5.4 presents the accumulated balances and the net position of the revenues and the payments made to the provinces and territories for personal income and corporate taxes as well as for First Nations Sales Tax, First Nations Goods and Services Tax, First Nations Personal Income Tax and Harmonized Sales Tax.

Table 5.4
Provincial, Territorial and Aboriginal Tax Agreements Account

(in dollars)

	April 1, 2016	Receipts and other credits	Payments and other charges	March 31, 2017
Total personal income tax administered by the Government of Canada	4,124,998,714	64,715,595,354		68,840,594,068
Less: payments to provinces, territories and Aboriginal governments				
Newfoundland and Labrador			1,610,907,178	1,610,907,178
Prince Edward Island			362,772,279	362,772,279
Nova Scotia			2,670,075,559	2,670,075,559
New Brunswick			1,642,472,773	1,642,472,773
Ontario			37,068,226,564	37,068,226,564
Manitoba			3,336,721,639	3,336,721,639
Saskatchewan			2,455,466,662	2,455,466,662
Alberta			11,121,411,669	11,121,411,669
British Columbia			9,456,835,075	9,456,835,075
Yukon			69,077,474	69,077,474
Northwest Territories			96,561,192	96,561,192
Nunavut			31,928,115	31,928,115
Aboriginal governments			26,128,055	26,128,055
			69,948,584,234	*69,948,584,234*
Total personal income tax on hand	**4,124,998,714**	**64,715,595,354**	**69,948,584,234**	**(1,107,990,166)**

Table 5.4
Provincial, Territorial and Aboriginal Tax Agreements Account—*concluded*

(in dollars)

	April 1, 2016	Receipts and other credits	Payments and other charges	March 31, 2017
Total corporate income tax administered by the Government of Canada	3,742,980,107	19,245,949,633		22,988,929,740
Less: payments to provinces and territories				
Newfoundland and Labrador			292,226,433	292,226,433
Prince Edward Island			68,145,581	68,145,581
Nova Scotia			471,205,941	471,205,941
New Brunswick			327,916,323	327,916,323
Ontario			10,951,938,668	10,951,938,668
Quebec			65,128,031	65,128,031
Manitoba			435,684,374	435,684,374
Saskatchewan			860,847,319	860,847,319
Alberta			78,245,047	78,245,047
British Columbia			2,419,846,143	2,419,846,143
Yukon			12,285,406	12,285,406
Northwest Territories			64,145,817	64,145,817
Nunavut			14,153,923	14,153,923
			16,061,769,006	*16,061,769,006*
Total corporate income tax on hand	**3,742,980,107**	**19,245,949,633**	**16,061,769,006**	**6,927,160,734**
Total harmonized sales tax administered by the Government of Canada	(3,541,132,465)	28,404,467,717		24,863,335,252
Less: payments to provinces and territories				
Newfoundland and Labrador			1,084,981,975	1,084,981,975
Prince Edward Island			255,021,141	255,021,141
Nova Scotia			1,866,254,362	1,866,254,362
New Brunswick			1,367,897,453	1,367,897,453
Ontario			23,717,362,940	23,717,362,940
British Columbia			5,652,857	5,652,857
			28,297,170,728	*28,297,170,728*
Total harmonized sales tax on hand	**(3,541,132,465)**	**28,404,467,717**	**28,297,170,728**	**(3,433,835,476)**
Total First Nations sales tax administered by the Government of Canada	–	8,338,415	–	8,338,415
Less: payments to Aboriginal governments	–	–	8,338,415	8,338,415
Total First Nations sales tax on hand	**–**	**8,338,415**	**8,338,415**	**–**
Total First Nations goods and services sales tax administered by the Government of Canada	–	17,244,614		17,244,614
Less: payments to Aboriginal governments			17,244,614	17,244,614
Total First Nations goods and services sales tax on hand	**–**	**17,244,614**	**17,244,614**	**–**
Total	4,326,846,356	112,391,595,733	114,333,106,997	2,385,335,092

Miscellaneous paylist deductions

Deductions from the salaries and wages of certain employees are credited to this account pending transmittal to related outside organizations.

Other

Miscellaneous accounts payable and accrued liabilities such as provincial sales tax collected on sales are recorded in this account.

Deferred revenues

This account records revenues received before the end of the current fiscal year for which the goods or services are to be delivered or rendered in a subsequent fiscal year. It includes licence fees received for which access to the radio spectrum is being provided in subsequent years. The major deferred revenues of $50 million or more are reported individually. It also presents separately revenues received which have been recorded in a specified purpose account.

Table 5.5 presents the balances and transactions of deferred revenues.

Table 5.5
Deferred revenues

(in dollars)

	April 1, 2016	Receipts and other credits	Payments and other charges	March 31, 2017
Deferred revenues				
Global Affairs				
Canadian Commercial Corporation				
Advances from foreign customers	497,597,000	162,303,000	458,563,000	201,337,000
Immigration, Refugees and Citizenship				
Department of Citizenship and Immigration				
Service fees for immigration and citizenship	222,232,421	920,349,992	751,888,374	390,694,039
Innovation, Science and Economic Development				
Department of Industry				
Canadian Intellectual Property Office Revolving Fund	66,148,583	131,013,390	135,353,411	61,808,562
Spectrum licence fees	8,933,249,701	256,919,008	1,042,300,136	8,147,868,573
	8,999,398,284	*387,932,398*	*1,177,653,547*	*8,209,677,135*
Other deferred revenues[1]	402,013,450	772,544,112	778,085,797	396,471,765
Total	10,121,241,155	2,243,129,502	3,166,190,718	9,198,179,939
Other deferred revenues — Specified purpose accounts				
Donation and bequest accounts				
Agriculture and Agri-Food				
Department of Agriculture and Agri-Food				
Shared-cost agreements — Research	16,081,408	8,517,435	7,080,652	17,518,191
Canadian Heritage				
Library and Archives of Canada				
Special Operating Account	91,261	1,378,112	568,236	901,137
Environment and Climate Change				
Department of the Environment				
Endangered species — Donations	6,319	1,699		8,018
Miscellaneous projects deposits	7,109,877	2,578,288	2,864,694	6,823,471
	7,116,196	*2,579,987*	*2,864,694*	*6,831,489*
Families, Children and Social Development				
Canadian Centre for Occupational Health and Safety				
Donations	113,152	—		113,152
Fisheries, Oceans and the Canadian Coast Guard				
Department of Fisheries and Oceans				
Restricted donations	2,620		—	2,620
Health				
Canadian Institutes of Health Research				
Donations for research	5,260,016	5,611,005	6,864,405	4,006,616
Innovation, Science and Economic Development				
Department of Industry				
Deposits from non-government organizations	3,361,309	960,500	1,005,418	3,316,391
Prime Minister's Awards	26,680	100,000	80,000	46,680
	3,387,989	*1,060,500*	*1,085,418*	*3,363,071*
Canadian Space Agency				
RADARSAT-2	9,374	—	3,356	6,018
RADARSAT-2 — Data satellite	—	1,820,165	1,776,556	43,609
	9,374	*1,820,165*	*1,779,912*	*49,627*
Social Sciences and Humanities Research Council				
Trust Fund	382,343	1,037	10,000	373,380
	3,779,706	*2,881,702*	*2,875,330*	*3,786,078*
National Defence				
Department of National Defence				
Corporate sponsorships and donations	54,151	75,081	83,079	46,153

Table 5.5
Deferred revenues—*concluded*

(in dollars)

	April 1, 2016	Receipts and other credits	Payments and other charges	March 31, 2017
Office of the Governor General's Secretary				
Cost-sharing agreements and other collaborate agreements	1,210	45,000	45,000	1,210
Donations—Rideau Hall	95,601	—	48,341	47,260
	96,811	*45,000*	*93,341*	*48,470*
Public Safety and Emergency Preparedness				
Royal Canadian Mounted Police				
Civil Remedies Grant Program	9,864	25,485	24,120	11,229
Mounted Police Foundation	425,852	—	133,568	292,284
Royal Canadian Mounted Police Pipe Band (NCR)	7,163	—	—	7,163
Sponsorship Agreement—Contributions	168,653	—	—	168,653
	611,532	*25,485*	*157,688*	*479,329*
Transport				
Department of Transport				
Shared-cost agreements—Transportation research and development	711,493	702,070	768,167	645,396
Veterans Affairs				
Department of Veterans Affairs				
Restricted donations				
Canadian Memorial	800	—	—	800
Visitor Education Centre, Vimy Memorial	3,000,000	2,000,000	—	5,000,000
Wounded Warrior Fund	849	—	—	849
	3,001,649	*2,000,000*	—	*5,001,649*
Total—Donation and bequest accounts	36,919,995	23,815,877	21,355,592	39,380,280
Endowment interest accounts				
Environment and Climate Change				
Parks Canada Agency				
Laurier House—Interest (Mackenzie King Trust Account)	—	4,793	4,793	—
Health				
Canadian Institutes of Health Research				
Endowments for health research	11,789	588	9,947	2,430
Innovation, Science and Economic Development				
National Research Council of Canada				
H.L. Holmes Fund	—	97,500	97,500	—
Social Sciences and Humanities Research Council				
Queen's Fellowship Fund	112,059	1,627	10,000	103,686
	112,059	*99,127*	*107,500*	*103,686*
Total—Endowment interest accounts	123,848	104,508	122,240	106,116
Total—Other deferred revenues—Specified purpose accounts	37,043,843	23,920,385	21,477,832	39,486,396
Total—Deferred revenues	10,158,284,998	2,267,049,887	3,187,668,550	9,237,666,335

[1] Deferred revenues of consolidated Crown corporations and other entities, previously included in Table 5.2, are now presented in this table.

Advances from foreign customers

This account records advances from foreign customers representing a down payment made at the outset of the contract before any work has been performed.

Service fees for immigration and citizenship

This account was established to record fees, rights and privileges derived from the *Citizenship Act* and Regulations and the *Immigration and Refugee Protection Act* and Regulations. Recognition of earned revenue related to fees rights and privileges is deferred until the application is finalized.

Canadian Intellectual Property Office Revolving Fund

This account was established to record funds reserved from sources such as patents, trademarks examination and registration fees which are recognized as revenue in subsequent years.

Spectrum licence fees

This account was established to record: *(a)* funds received from spectrum auctions, which are recognized as revenues over the period of the licences; and *(b)* funds received from Spectrum Licence Fees that are received in the latter part of the fiscal year, but which are applicable to the following fiscal year.

Shared-cost agreements—Research

This account was established to record amounts deposited by external parties for shared-cost projects, and any related future provincial program payments to be made on a province's behalf by the Department of Agriculture and Agri-Food as part of a related project. Funds are disbursed on behalf of depositors as specific projects are undertaken.

Special Operating Account

This account was established, pursuant to section 18 of the *Library and Archives of Canada Act*, to record funds received for the purposes of the Library and Archives of Canada, by way of gifts. Amounts required for the purposes of the Act may be paid out of this account, or out of funds appropriated by Parliament for such purposes.

Endangered species—Donations

This account was established to record donations, gifts or bequests received from individuals and organizations to finance various studies related to endangered species.

Miscellaneous projects deposits

This account was established to record contributions received from organizations and individuals, for the advancement of research work and clean-up efforts.

Donations

This account was established, pursuant to subsection 6(3) of the *Canadian Centre for Occupational Health and Safety Act*, to record funds, securities or other property received by way of gift, bequest or otherwise, and to disburse such donations at the discretion of the Centre.

Restricted donations—Department of Fisheries and Oceans

This account was established to record directed donations to be used for research, development, management and promotion of fisheries and oceans related issues.

Donations for research

This account was established, pursuant to section 29 of the *Canadian Institutes of Health Research Act*, to record donations and contributions received from organizations and individuals for biomedical research.

Deposits from non-government organizations

This account was established to record amounts deposited by customers to be used for payments of services provided by the department.

Prime Minister's Awards

This account was established to record amounts deposited by external parties to be used in support of the Prime Minister's Awards for teaching excellence.

RADARSAT-2

This account was established to record funds received for the configuration and layout of relocated "MacDonald, Dettwiler and Associates" personnel.

RADARSAT-2—Data satellite

This account was established to record funds received from "MacDonald, Dettwiler and Associates" for the reception, archiving, cataloging and satellite acquisition services.

Trust Fund—Social Sciences and Humanities Research Council

This account was established to record funds available for social sciences and humanities research activities. The account is also used to record receipts of private donations for the purpose of special projects.

Corporate sponsorships and donations

This account was established by the Department of National Defence to administer funds received from various private companies, not for profit corporations, associations, other levels of government, or individuals for the purpose of holding events, conducting operations and constructing capital assets consistent with the Department's mandate but not funded from its appropriations.

Cost sharing collaborate agreements and other collaborate agreements

This account was established to record amounts deposited by external parties for shared-cost projects.

Donations—Rideau Hall

This account was established to record gifts, donations or bequests to Rideau Hall from private organizations and individuals to fund specific initiatives.

Civil Remedies Grant Program

This account was established to record grants received under the authority of the British Columbia *Civil Forfeiture Act*. These grants are used for the procurement of specialized police equipment and training.

Mounted Police Foundation

This account was established to record funds received from the Mounted Police Foundation which will be used to cover expenses related to community policing, educational, promotional and public relations projects throughout Canada.

Royal Canadian Mounted Police Pipe Band (National Capital Region)

This account was established to administer sponsorship funds to support the Royal Canadian Mounted Police Pipe Band.

Sponsorship agreement—Contributions

This account was established to record funds contributed to the Royal Canadian Mounted Police pursuant to sponsorship agreements for use in community policing programs.

Shared-cost agreements—Transportation research and development

This account was established to record, on a temporary basis; *(a)* funds received from cost-sharing agreements intended to strengthen and improve the safety, security and efficiency of the Canadian transportation system; and *(b)* funds received from private sector and provincial governments to directly support the departmental strategic objectives.

Restricted donations—Canadian Memorial

This account was established to record directed donations for the purpose of management and maintenance of the Canadian Memorial in Green Park, London, United Kingdom.

Restricted donations—Visitor Education Centre, Vimy Memorial

This account was established to record directed donations for the purpose of providing assistance to the construction of a visitor education centre at the Canadian National Vimy Memorial.

Restricted donations—Wounded Warrior Fund

This account was established to record directed donations for the purpose of providing assistance to support the pilot project designed to assist disenfranchised Veterans in crisis.

Laurier House—Interest (Mackenzie King Trust Account)

The late The Right Hon W. L. Mackenzie King bequeathed Laurier House, Ottawa, and the sum of $225,000, to the Government of Canada. The amount of $225,000 was credited to the account and earns interest, in accordance with the terms of section 3 of the *Laurier House Act*. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

Endowments for health research

This account was established by section 29 of the *Canadian Institutes of Health Research Act*, to record various endowments received from donors for the purpose of health research. The interest received is used for the payment of research grants.

H.L. Holmes Fund

This account was established, pursuant to paragraph 5(1)(f) of the *National Research Council Act*, to record the residue of the estate of H.L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H.L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

Queen's Fellowship Fund

This fund is an endowment of $250,000 that was established by Vote 45a, *Appropriation Act No. 5, 1973-74*. The interest earned is used for the payment of fellowships to graduate students in certain fields of Canadian studies.

Amounts payable to taxpayers

Amounts payable to taxpayers are based on assessments as well as estimates of refunds owing for assessments not completed by year end.

Table 5.6 presents a summary of the balances for the different tax revenue streams.

Table 5.6
Amounts payable to taxpayers

(in dollars)

	March 31, 2017	March 31, 2016
Personal and non-resident income tax	35,530,639,338	34,585,461,543
Corporate income tax	8,718,842,155	8,293,710,337
Goods and services tax	10,777,092,225	10,755,233,354
Customs and excise	50,490,242	62,888,394
Total	55,077,063,960	53,697,293,628

Personal and non-resident income tax

This account records tax refunds payable to individual taxpayers as well as amounts payable to employers and other withholders of personal income tax. This account also includes any interest owing on the balances.

Corporate income tax

This account records tax refunds payable and any interest owing to corporate taxpayers.

Goods and services tax

This account records refunds, rebates and any interest owing related to the goods and services tax.

Customs and excise

This account records refunds of customs import duties, excise taxes and duties, energy taxes and any interest owing on the balances.

Environmental liabilities and asset retirement obligations

Contaminated sites

An environmental liability for the remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, the Government is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects the Government's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination. When the future cash flows required to settle or otherwise extinguish a liability are estimable, predictable and expected to occur over extended future periods, a present value technique is used. The discount rate used reflects the Government's cost of borrowing, and is based on the term rate associated with the estimated number of years to complete remediation.

The Government has identified approximately 7,500 sites (7,900 sites in 2016) where contamination may exist and assessment, remediation and monitoring may be required. Of these, the Government has identified approximately 2,400 sites (2,400 sites in 2016), where action is possible and for which a gross liability of $5,705 million ($5,954 million in 2016) has been recorded. This liability estimate has been determined based on site assessments performed by environmental experts. In addition, a statistical model based upon a projection of the number of sites that will proceed to remediation and upon which current and historical costs are applied is used to estimate the liability for a group of unassessed sites. As a result, there are 4,100 unassessed sites (4,300 sites in 2016) where a liability estimate of $239 million ($320 million in 2016) has been recorded using this model. These two estimates combined, totalling $5,944 million ($6,274 million in 2016), represents the Government's best estimate of the costs required to remediate sites to the current minimum standard for its use prior to contamination, based on information available on March 31.

Other environmental liabilities

A liability for unexploded explosive ordnance (UXO) affected legacy sites is recognized when there is an appropriate basis for measurement and a reasonable estimate can be made. These liabilities are present obligations arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits.

The Government has identified approximately 635 UXO suspected sites (893 in 2016) for which clearance action may be necessary. Of these sites, 68 are confirmed UXO affected sites (61 in 2016). Based on the Government's best estimates, a liability of $184 million ($272 million in 2016) has been recorded for clearance action on 10 of the confirmed UXO sites (10 in 2016). Remediation has been done on one of the sites (14 in 2016) and it will be closed in the next fiscal year. The remaining 624 suspect sites are currently in the assessment stage and a reasonable estimate cannot yet be determined. Of these sites, the obligation for clearance action is likely for 68 of them, indeterminable for 146 and unlikely for the 410 remaining.

Asset retirement obligations

Asset retirement obligations are estimated costs related to obligations associated with the retirement of tangible capital assets. A liability for an asset retirement obligation is recognized when all of the following criteria are satisfied: there is an agreement, contract, legislation, or a constructive or equitable obligation that obligates the Government to incur retirement costs in relation to a tangible capital asset, the past event or transaction giving rise to the retirement liability has occurred, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. These costs are normally capitalized and amortized over the asset's estimated useful life based on the Government's best estimates of the cost to retire the tangible asset. If the related asset is fully amortized, the related cost is expensed. The liability reflects the present value of estimated future cash flows required to retire the assets where amounts can be reasonably estimated and is expected to be settled as the related sites, facilities or assets are removed from service. The estimated future cash flows are adjusted for inflation using a rate that is derived on the basis of Consensus forecasts and Bank of Canada historical and target inflation rates. The discount rate is a weighted average rate reflecting the Government's cost of borrowing on initial recognition and on subsequent changes to expected cash flows, which is most closely associated with the period to settlement of the obligation.

The asset retirement obligation is $6,498 million ($6,767 million in 2016) of which Atomic Energy of Canada Ltd. has recorded $6,492 million ($6,763 million in 2016) for nuclear facility decommissioning.

The changes in the asset retirement obligations during the year are as follows:

(in millions of dollars)

	2017	2016
Opening balance	6,767	6,502
Liabilities settled	(251)	(219)
Revision in estimate	(280)	233
Accretion expense[1]	262	251
Closing balance	6,498	6,767

[1] Accretion expense is the increase in the carrying amount of an asset retirement obligation due to the passage of time.

The recorded liabilities are adjusted each year, as required, for present value adjustments, inflation, new obligations, changes in estimates and actual costs incurred.

If the likelihood of the Government's responsibility is not determinable, a contingent liability is disclosed in the notes to the consolidated statements. If measurement uncertainty exists, it is also disclosed in the notes to the consolidated statements.

The Government's ongoing efforts to assess contaminated sites, UXO affected sites and asset retirement obligations may result in additional environmental liabilities.

Table 5.7 presents the liability balances of the custodian departments and Crown corporations for remediation liabilities for contaminated sites, other environmental liabilities and asset retirement obligations.

Table 5.7
Environmental liabilities and asset retirement obligations

(in dollars)

	March 31, 2017	March 31, 2016
Remediation liabilities for contaminated sites		
Departments and agencies		
Agriculture and Agri-Food	3,423,088	4,836,741
Canada Border Services Agency	1,165,597	1,183,764
Correctional Service of Canada	3,160,429	1,708,685
Environment	195,602,662	141,417,724
Fisheries and Oceans	112,154,402	108,219,424
Foreign Affairs, Trade and Development	15,000	15,000
Health	100,790	172,705
Indian Affairs and Northern Development	3,421,838,583	3,795,691,347
National Defence	536,639,813	519,370,599
National Research Council of Canada	2,718,164	240,832
Natural Resources	4,907,906	4,614,482
Parks Canada Agency	50,638,172	37,236,526
Public Works and Government Services	217,809,560	258,591,282
Royal Canadian Mounted Police	9,134,394	6,419,203
Transport	198,378,127	188,399,845
	4,757,686,687	*5,068,118,159*
Consolidated Crown corporations and other entities		
Atomic Energy of Canada Limited	1,081,866,000	1,109,493,000
Canadian Broadcasting Corporation	390,000	343,000
Marine Atlantic Inc	—	377,000
National Capital Commission	50,831,000	50,345,000
The Federal Bridge Corporation Limited	890,000	1,420,000
The Jacques-Cartier and Champlain Bridges Inc	46,675,000	43,170,000
VIA Rail Canada Inc	335,000	300,000
Windsor-Detroit Bridge Authority	5,840,000	
	1,186,827,000	*1,205,448,000*
Gross remediation liability for contaminated sites	5,944,513,687	6,273,566,159
Less expected recoveries – Indian Affairs and Northern Development	27,441,114	30,681,572
Net remediation liability of contaminated sites	5,917,072,573	6,242,884,587
Other environmental liabilities		
Departments and agencies		
National Defence (unexploded explosive ordnance affected sites)	183,848,755	272,072,942
Asset retirement obligations		
Departments and agencies	596,109	577,920
Consolidated Crown corporations and other entities		
Atomic Energy of Canada Limited (nuclear facility decommissioning)	6,492,243,000	6,763,423,000
Others	5,121,000	3,015,000
	6,497,364,000	*6,766,438,000*
Total asset retirement obligations	6,497,960,109	6,767,015,920
Total environmental liabilities and asset retirement obligations	12,598,881,437	13,281,973,449

Changes in liability for remediation of contaminated sites

Table 5.8 presents a summary of the changes in liability balances for contaminated sites. In addition to expenditures reducing liabilities previously recorded, the government spent another $33,673,083 ($18,462,079 in 2016) as management and remediation costs on its contaminated sites when these costs became known in the year.

Table 5.8
Changes in liability for remediation of contaminated sites

(in dollars)

	March 31, 2017	March 31, 2016
Opening balance	6,273,566,159	5,810,439,124
Less: Expenditures reducing opening liabilities	414,126,248	298,932,567
Add:		
Changes in estimated remediation costs	42,885,906	544,754,907
New liability for sites not previously recorded	42,187,870	217,304,695
Closing balance (gross)	5,944,513,687	6,273,566,159
Expected recoveries	27,441,114	30,681,572
Closing balance (net)	5,917,072,573	6,242,884,587

Interest and matured debt

Interest and matured debt includes interest due, interest accrued and matured debt.

Table 5.9 presents a summary of the balances for the accounts in this category of accounts payable and accrued liabilities.

Table 5.9
Interest and matured debt

(in dollars)

	March 31, 2017	March 31, 2016
Interest due	698,653,809	792,709,607
Interest accrued	3,554,158,025	3,743,885,649
Matured debt	409,975,125	384,959,325
Total	4,662,786,959	4,921,554,581

Interest due

Interest due is the interest on the bonded debt, which is due and payable but has not been redeemed by bond holders.

Interest accrued

Interest accrued is the interest accumulated as at March 31 on the bonded debt and certain other liabilities, that is not payable until a future date.

Matured debt

This account records financial obligations represented by certificates of indebtedness issued by the Government that have become due but that have not been presented for redemption. Unclaimed matured bonds are transferred to other revenues if they remain unredeemed 15 years after the date of call or maturity, whichever is earlier.

Section 6

2016–2017

Public Accounts of Canada

Interest-bearing debt

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Interest-bearing debt

This section contains information on the interest-bearing debt of the Government. Interest-bearing debt includes the unmatured debt and pensions, other future benefits and other liabilities.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges.

Table 6.1 presents the transactions and year-end balances of interest-bearing debt. The chart presents interest-bearing debt by category at March 31.

The financial statements of the Canada Pension Plan, the Government Annuities Account and the Royal Canadian Mounted Police (Dependants) Pension Fund, together with the Independent Auditor's Reports thereon, are presented at the end of this section.

A narrative description is provided for accounts reported in some tables. Such descriptions follow the same presentation order as their respective tables.

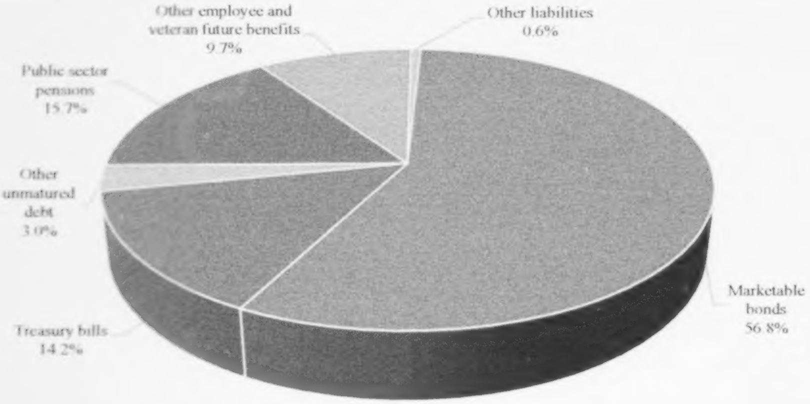
Table 6.1
Interest-bearing debt

(in dollars)

	April 1, 2016	Receipts and other credits	Payments and other charges	March 31, 2017
Unmatured debt[1]				
Payable in Canadian currency				
Marketable bonds, Table 6.2	504,067,714,500	135,153,477,750	102,941,636,000	536,279,556,250
Treasury bills, Table 6.3	138,100,000,000	370,500,000,000	371,900,000,000	136,700,000,000
Retail debt, Table 6.4	5,076,053,146	1,827,320,471	2,370,031,679	4,533,341,938
	647,243,767,646	*507,480,798,221*	*477,211,667,679*	*677,512,898,188*
Payable in foreign currencies				
Marketable bonds, Table 6.2	15,305,550,065	234,908,400	4,059,410,133	11,481,048,332
Canada bills, Table 6.5	4,747,403,045	20,769,838,220	21,995,791,076	3,521,450,189
Medium-term notes, Table 6.6	2,429,445,000	696,690,000	519,480,000	2,606,655,000
	22,482,398,110	*21,701,436,620*	*26,574,681,209*	*17,609,153,521*
Total—Market Debt	669,726,165,756	529,182,234,841	503,786,348,888	695,122,051,709
Unamortized discounts and premiums on market debt, Table 6.7	5,046,829,133	1,725,689,771	1,450,521,700	5,321,997,204
Total—Market Debt including unamortized discounts and premiums	674,772,994,889	530,907,924,612	505,236,870,588	700,444,048,913
Cross-currency swap revaluation	8,391,392,315		627,515,433	7,763,876,882
Obligation related to capital leases, Table 6.12	3,476,881,655	75,743,485	326,787,559	3,225,837,581
Other unmatured debt	1,569,841,909	639,149,206	10,220,891	2,198,770,224
Total—Unmatured debt	688,211,110,768	531,622,817,303	506,201,394,471	713,632,533,600
Pensions, other future benefits and other liabilities				
Public sector pensions, Table 6.15	152,227,065,428	16,650,100,857	17,070,675,547	151,806,490,738
Other employee and veteran future benefits, Table 6.28	85,681,311,000	12,708,502,000	4,821,980,000	93,567,833,000
Other liabilities				
Due to Canada Pension Plan, Table 6.29	34,728,735	78,074,186,601	78,003,407,749	105,507,587
Government Annuities Account	133,820,091	8,734,937	22,067,942	120,487,086
Deposit and trust accounts, Table 6.30	1,444,671,297	434,673,689	534,249,188	1,345,095,798
Other specified purpose accounts, Table 6.33	3,988,614,017	2,273,088,020	2,143,417,322	4,118,284,715
	5,601,834,140	*80,790,683,247*	*80,703,142,201*	*5,689,375,186*
Total—Pensions, other future benefits and other liabilities	243,510,210,568	110,149,286,104	102,595,797,748	251,063,698,924
Total	931,721,321,336	641,772,103,407	608,797,192,219	964,696,232,524

[1] This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 6.11

Interest-bearing debt by category at March 31, 2017



Unmatured debt

Unmatured debt represents financial obligations resulting from certificates of indebtedness issued by the Government of Canada that have not yet become due, cross-currency swap revaluation and unamortized discounts and premiums on market debt, obligations related to capital leases and other unmatured debt.

The Government's holdings of its own securities have been deducted from unmatured debt, to report the amount of the Government's liabilities to outside parties.

Marketable bonds

Marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- bought and sold on the open market;
- payable in Canadian or foreign currency;
- subject to redemption before maturity;
- fixed dates of maturity;
- interest payable either in coupon or registered form; and
- face value guaranteed at maturity.

Registered marketable bonds are transferable by endorsement and delivery by one holder to another. Bearer marketable bonds need not be endorsed.

Table 6.2 presents a summary of the balances and transactions for marketable bonds.

The year-end balances of marketable bonds payable in foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2017.

Table 6.2
Marketable bonds

(in dollars)

	April 1, 2016	Receipts and other credits[1]	Payments and other charges[1]	March 31, 2017
Payable in Canadian currency				
Matured 2016–2017	77,191,083,000	–	77,191,083,000	–
Maturing				
2017–2018	91,349,185,000	–	23,217,705,000	68,131,480,000
2018–2019	42,122,764,000	50,700,000,000	1,465,802,000	91,356,962,000
2019–2020	38,050,000,000	31,200,000,000	–	69,250,000,000
2020–2021	40,467,361,000	–	–	40,467,361,000
2021–2022	19,684,169,500	30,166,583,250	–	49,850,752,750
2022–2023	12,906,022,000	–	–	12,906,022,000
2023–2024	16,558,552,000	–	–	16,558,552,000
2024–2025	13,800,000,000	–	–	13,800,000,000
2025–2026	15,403,156,000	–	–	15,403,156,000
2026–2027	15,079,215,000	6,159,862,500	–	21,239,077,500
2027–2028	4,035,975,000	9,000,000,000	–	13,035,975,000
2029–2030	10,949,933,000	–	46,553,000	10,903,380,000
2031–2032	8,047,326,000	169,708,000	–	8,217,034,000
2033–2034	12,795,905,000	–	363,000,000	12,432,905,000
2036–2037	7,201,759,500	151,924,500	–	7,353,684,000
2037–2038	13,516,957,000	–	257,244,000	13,259,713,000
2041–2042	23,160,065,500	157,527,500	331,655,000	22,985,938,000
2044–2045	8,445,360,000	178,178,000	–	8,623,538,000
2045–2046	16,400,000,000	–	–	16,400,000,000
2047–2048	5,656,145,000	2,429,471,000	–	8,085,616,000
2048–2049	7,800,000,000	4,300,000,000	–	12,100,000,000
2064–2065	3,500,000,000	–	–	3,500,000,000
	504,120,933,500	134,613,254,750	102,873,042,000	535,861,146,250
Less:				
Government holdings of unmatured debt	500,000,000	(500,000,000)	–	–
Consolidation adjustment[2]	(446,781,000)	(40,223,000)	(68,594,000)	(418,410,000)
	53,219,000	*(540,223,000)*	*(68,594,000)*	*(418,410,000)*
Total marketable bonds payable in Canadian currency	504,067,714,500	135,153,477,750	102,941,636,000	536,279,556,250
Payable in foreign currencies				
Matured 2016–2017	3,939,273,982	–	3,939,273,982	–
Maturing				
2017–2018	4,545,450,000	109,200,000	–	4,654,650,000
2018–2019	3,916,983,096	94,101,696	–	4,011,084,792
2019–2020	2,959,945,450	109,200	117,600,000	2,842,454,650
	15,361,652,528	203,410,896	4,056,873,982	11,508,189,442
Less: Government's holdings and securities held for the retirement of unmatured debt[3]	56,102,463	31,497,504	2,536,151	27,141,110
Total marketable bonds payable in foreign currencies	15,305,550,065	234,908,400	4,059,410,133	11,481,048,332
Total	519,373,264,565	135,388,386,150	107,001,046,133	547,760,604,582

[1] These columns include the translation of marketable bonds payable in foreign currencies to Canadian dollars using the closing rates of exchange at March 31.

[2] Includes $3,605,000 of securities held by consolidated Crown corporations and other entities and $422,015,000 of borrowings by consolidated agent Crown corporations. Additional information on consolidated Crown corporations and other entities is provided in Section 4 of this volume.

[3] These securities were assumed by the Government of Canada on February 5, 2001 upon the dissolution of Petro-Canada Limited. These are presented as a deduction from the foreign currency unmatured debt since they are held specifically for the repayment of the corresponding liabilities assumed upon the dissolution of the Corporation.

Treasury bills

Treasury bills are short-term certificates of indebtedness issued by the Government of Canada to pay sums of money on given dates, and have the following characteristics:

- issued at a discount in lieu of interest payments;
- issued in Canadian currency only;
- issued every 2 weeks;
- common terms: 3 months, 6 months and 12 months;
- transferable; and
- bought and sold on the open market.

The balance at March 31, 2017 consists of $40,100 million in three-month bills; $27,200 million in six-month bills; $63,400 million in 364-day bills; and $6,000 million in odd-issue bills.

Table 6.3 presents a summary of Treasury bill issues and redemptions.

Table 6.3
Treasury bills

(in dollars)

	April 1, 2016	Receipts and other credits	Payments and other charges	March 31, 2017
Three-month bills	41,000,000,000	164,200,000,000	165,100,000,000	40,100,000,000
Six-month bills	29,700,000,000	63,400,000,000	65,900,000,000	27,200,000,000
Other bills	67,400,000,000	142,900,000,000	140,900,000,000	69,400,000,000
	138,100,000,000	370,500,000,000	371,900,000,000	136,700,000,000
Less: Consolidation adjustment[1]				
Total	138,100,000,000	370,500,000,000	371,900,000,000	136,700,000,000

[1] Represents securities held by consolidated Crown corporations and other entities. Additional information is provided in Section 4 of this volume.

Retail debt

Retail debt includes Canada savings bonds and Canada premium bonds which are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- issued to Canadian residents;
- issued in Canadian currency only;
- registered in the name of the holder;
- fixed dates of maturity;
- not marketable;
- not subject to call before maturity;
- term to maturity of three years or more;
- Canada savings bonds are redeemable on demand by the holder, with accrued interest calculated to the end of the previous month (no interest is paid if redeemed during the first 3 months following the date of issue); and
- Canada premium bonds are redeemable in full or partially on any annual anniversary of the issue date and during the 30 days thereafter by the holder, with accrued interest if applicable.

Table 6.4 presents a summary of the balances and transactions for Canada savings bonds and Canada premium bonds.

Table 6.4
Retail debt

(in dollars)

	April 1, 2016	Receipts and other credits	Payments and other charges	March 31, 2017
Canada savings bonds (CSB)				
Matured 2016–2017[1]	615,208,274	–	615,208,274	–
Maturing				
2017–2018[2]	1,012,757,990	–	283,951,156	728,806,834
2018–2019[3]	1,261,075,296	763,641,532	832,766,095	1,191,950,733
2019–2020[4]	224,369,630	921,804,022	221,798,527	924,375,125
2020–2021[5]	228,435,496	–	33,593,241	194,842,255
2021–2022	269,885,050	–	43,779,366	226,105,684
	3,611,731,736	*1,685,445,554*	*2,031,096,659*	*3,266,080,631*
Canada premium bonds (CPB)				
Matured 2016–2017	248,796,068		248,796,068	–
Maturing				
2017–2018	190,818,230	629,990		191,448,220
2018–2019[3]	531,935,830		41,790,337	490,145,493
2019–2020[4]	220,871,923	141,244,927	25,999,914	336,116,936
2020–2021[5]	139,518,900	–	13,418,129	126,100,771
2021–2022	132,380,459	–	8,930,572	123,449,887
	1,464,321,410	*141,874,917*	*338,935,020*	*1,267,261,307*
Total	5,076,053,146	1,827,320,471	2,370,031,679	4,533,341,938

[1] Ten years maturity extension to CSB Series 49 until November 1, 2016.
[2] Ten years maturity extension to CSB Series 50 and 52 until November 1, 2017.
[3] Ten years maturity extension to CSB Series 51, 54, 55, 56, 57, 58 and CPB Series 3, 4, 5, 6, 7.
[4] Ten years maturity extension to CSB Series 59, 60, 61, 62, 63, 64 and CPB Series 8, 9, 10, 11, 12, 13.
[5] Ten years maturity extension to CSB Series 65 and CPB Series 14.

Canada bills

Canada bills are short-term certificates of indebtedness issued by the Government of Canada in the United States money market under the Government's foreign currency borrowing program. Canada bills provide Canada with an additional source of short-term US funds and have the following characteristics:

- issued at a discount in lieu of interest payments;
- term to maturity of not more than 270 days;
- transferable; and
- bought and sold on the open market.

The year-end balance of Canada bills payable in US dollars was translated into Canadian dollars using the closing rate of exchange at March 31, 2017.

Table 6.5 presents a summary of Canada bill issues and redemptions.

Table 6.5
Canada bills

(in dollars)

	April 1, 2016	Receipts and other credits	Payments and other charges	March 31, 2017
Canada bills before revaluation	4,675,196,344	20,769,838,220	21,995,781,187	3,449,253,377
Exchange valuation adjustment	72,206,701		9,889	72,196,812
Total	4,747,403,045	20,769,838,220	21,995,791,076	3,521,450,189

Medium-term notes

Medium-term notes are issued by the Government of Canada in the foreign markets under the Government's foreign currency borrowing program, and thus provide Canada with an additional source of medium-term foreign funds.

The year-end balances of medium-term notes payable in US dollars and Euros were translated into Canadian dollars using the closing rate of exchange of the appropriate currency at March 31, 2017.

Table 6.6 presents a summary of the balances and transactions for the medium-term notes.

Table 6.6
Medium-term notes

(in dollars)

	April 1, 2016	Receipts and other credits	Payments and other charges	March 31, 2017
Payable in foreign currencies				
Matured 2016–2017	519,480,000	–	519,480,000	–
Maturing				
2018–2019	324,675,000	7,800,000	–	332,475,000
2019–2020	551,947,500	678,210,000	–	1,230,157,500
2020–2021	968,407,500	9,120,000	–	977,527,500
2021–2022	64,935,000	1,560,000	–	66,495,000
Total	2,429,445,000	696,690,000	519,480,000	2,606,655,000

Unamortized discounts and premiums on market debt

The unamortized discounts and premiums on market debt have the following characteristics:

- unamortized discounts on Canada bills records the portion of the discounts on outstanding Canada bills which has not yet been charged to expenses. Discounts are amortized over the life of the bills;
- unamortized discounts on Treasury bills records the portion of the discounts on outstanding Treasury bills which has not yet been charged to expenses. Discounts are amortized over the life of the bills; and
- unamortized discounts and premiums on marketable bonds records the portion of the discounts and premiums on outstanding marketable bonds which has not yet been charged to expenses. Discounts and premiums are amortized over the life of the bonds.

Table 6.7 presents a summary of the balances and transactions for the unamortized discounts and premiums on market debt.

Table 6.7
Unamortized discounts and premiums on market debt
(in dollars)

	April 1, 2016	Receipts and other credits	Payments and other charges	March 31, 2017
Unamortized discounts on Canada bills	(3,238,603)	27,699,819	28,651,520	(4,190,304)
Unamortized discounts on Treasury bills	(206,165,289)	737,080,697	767,059,124	(236,143,716)
Unamortized discounts and premiums on marketable bonds	5,256,233,025	960,909,255	654,811,056	5,562,331,224
Total	5,046,829,133	1,725,689,771	1,450,521,700	5,321,997,204

Cross-currency swap revaluation

This represents the unrealized gains or losses due to fluctuations in the foreign exchange value of the cross-currency swaps.

Interest rates

Table 6.8 sets out market debt as at March 31, for each of the years 2012–2013 to 2016–2017 inclusively, with the average rate of interest thereon. For purposes of comparison, market debt is classified as Marketable bonds, Treasury bills, Retail debt, Bonds for Canada Pension Plan, Canada bills and Medium-term notes.

Table 6.8
Market debt as at March 31, from 2013 to 2017, with the average rate of interest thereon

(in millions of dollars)

	Marketable bonds		Treasury bills		Retail debt		Bonds for Canada Pension Plan		Canada bills		Medium-term notes		Total market debt	
	Amount out-standing	Average interest rate %	Amount out-standing	Average interest rate %	Amount out-standing	Average interest rate %	Amount out-standing	Average interest rate %	Amount out-standing	Average interest rate %	Amount out-standing	Average interest rate %	Amount out-standing	Average interest rate %
2017	547,761	2.25	136,700	0.54	4,533	0.66	—	—	3,521	0.77	2,607	1.06	695,122	1.89
2016	519,373	2.47	138,100	0.50	5,076	0.67	—	—	4,748	0.43	2,429	0.67	669,726	2.03
2015	502,635	2.70	135,692	0.81	5,666	0.71	—	—	3,789	0.08	1,724	0.35	649,500	2.27
2014	486,313	2.85	152,990	0.96	6,327	0.72	—	—	2,290	0.08	746	0.46	648,666	2.37
2013	477,738	3.03	180,689	1.03	7,481	0.76	—	—	2,103	0.13	—	—	668,011	2.45

The interest rate in effect at March 31 is used where various rates of interest are applicable

Table 6.9 shows the average high and low yields of Treasury bills, at tender, together with the average yield on the latest issues for the years 2012–2013 to 2016–2017 inclusively.

Table 6.9
Treasury bills average yields at tender

(in percentage)

Year ended March 31	High	Low	Last issue
Three-month bills			
2017	0.55	0.46	0.51
2016	0.67	0.37	0.46
2015	0.95	0.47	0.53
2014	1.02	0.83	0.88
2013	1.04	0.89	0.98
Six-month bills			
2017	0.58	0.51	0.55
2016	0.69	0.37	0.51
2015	0.98	0.45	0.54
2014	1.06	0.87	0.91
2013	1.12	0.94	1.01
364-days bills			
2017	0.65	0.50	0.64
2016	0.72	0.38	0.54
2015	1.02	0.43	0.53
2014	1.13	0.94	0.96
2013	1.26	0.96	1.04
Other bills			
2017	0.58	0.46	0.53
2016	0.67	0.45	0.53
2015	0.98	0.68	0.71
2014	1.04	0.77	0.81
2013	1.07	0.93	0.98

Maturity of Government debt

Table 6.10 presents total market debt arranged in order of maturity.

Table 6.10
Maturity of Government debt

(in millions of dollars)

	Marketable bonds		Treasury bills		Retail debt		Canada bills		Medium-term notes		Total market debt	
	Amount	Average interest rate %	Amount	Average interest rate %	Amount	Average interest rate %	Amount	Average interest rate %	Amount	Average interest rate %	Amount	Average interest rate %
2018	72,786	1.32	136,700	0.54	920	0.62	3,521	0.77	—	—	213,927	3.25
2019	95,368	1.14	—	—	1,682	0.71	—	—	332	0.95	97,382	2.80
2020	72,092	2.07	—	—	1,260	0.59	—	—	1,230	1.16	74,582	12.61
2021	40,467	1.78	—	—	321	0.61	—	—	978	0.96	41,766	9.16
2022	49,851	1.87	—	—	350	0.82	—	—	67	1.05	50,268	3.74
2023–2027	79,907	2.69	—	—	—	—	—	—	—	—	79,907	2.69
2028–2032	32,156	4.26	—	—	—	—	—	—	—	—	32,156	4.26
2033–2037	19,787	4.73	—	—	—	—	—	—	—	—	19,787	4.73
2038–2042	36,246	3.95	—	—	—	—	—	—	—	—	36,246	3.95
2043–2047	25,024	2.81	—	—	—	—	—	—	—	—	25,024	2.81
2048–2052	20,186	2.15	—	—	—	—	—	—	—	—	20,186	2.15
2063–2067	3,500	2.75	—	—	—	—	—	—	—	—	3,500	2.75
	547,370	2.25	136,700	0.54	4,533	0.66	3,521	0.77	2,607	1.06	694,731	1.89
Less: Government's holdings and consolidation adjustment[1]	(391)		—		—		—		—		(391)	
Total	547,761	2.25	136,700	0.54	4,533	0.66	3,521	0.77	2,607	1.06	695,122	1.89

This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 6.11.

[1] Includes government's holdings and securities held for the retirement of unmatured debt (Marketable bonds – $27 million with an average interest rate of 7.73 per cent) and consolidation adjustments.

Statement of all borrowing transactions on behalf of Her Majesty

Table 6.11 presents information on the Government's borrowing transactions. Included in this table are borrowings by the Government for general purposes and borrowings by agent enterprise Crown corporations. Borrowings by non-agent enterprise Crown corporations and other government business enterprises are not included because such borrowings are not on behalf of Her Majesty.

Table 6.11
Statement of all borrowing transactions on behalf of Her Majesty

(in millions of dollars)

	April 1, 2016	Issues/ Borrowings	Retirements	March 31, 2017
Market debt of the Government of Canada[1]	669,726	529,182	503,786	695,122
Cross-currency swap revaluation	8,391	–	627	7,764
Unamortized discounts and premiums on market debt[1]	5,047	1,726	1,451	5,322
Obligation related to capital leases[1]	3,477	76	327	3,226
Other unmatured debt	1,570	639	10	2,199
	688,211	*531,623*	*506,201*	*713,633*
Borrowings of enterprise Crown corporations designated as agents of Her Majesty	266,434	92,275	82,150	276,559
Total	954,645	623,898	588,351	990,192

[1] Details can be found in this section.

Obligation related to capital leases

A capital lease is a lease that transfers substantially all the benefits and risks inherent in ownership of the asset to the lessee. The net obligation related to capital leases represents the present values of the remaining minimum lease payments under the capital lease arrangements.

Table 6.12 presents the obligation related to capital lease agreements by asset type.

Table 6.12
Obligation related to capital leases

(in dollars)

	April 1, 2016	Net changes	March 31, 2017
Land	4,647,319	(975,033)	3,672,286
Buildings	2,616,266,591	(115,423,062)	2,500,843,529
Works and infrastructure	509,036,598	(21,999,164)	487,037,434
Machinery and equipment	121,740,800	(54,444,432)	67,296,368
Vehicles	225,190,347	(58,202,382)	166,987,965
Total	3,476,881,655	(251,044,073)	3,225,837,582

Capital leases

Table 6.13 provides details of obligation under capital lease arrangements.

Table 6.13
Details of obligation related to capital leases

(in thousands of dollars)

				Balances at March 31, 2017		
	Inception date	Lease term in years	Discount rate %[1]	Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
Canadian Heritage						
Canadian Broadcasting Corporation						
7067 Chebucto Rd, Halifax	June 2015	7	2.14	7,490	635	6,855
Telesat	Feb 2001	17	6.82	10,025	287	9,738
				17,515	*922*	*16,593*
Canadian Museum of Nature						
Natural Heritage Building, Gatineau	Sept 1996	35	9.88	*50,750*	*23,905*	*26,845*
Canadian Race Relations Foundation						
Capital leases less than $1,000,000				*5*		*5*
National Capital Commission						
40 Elgin Street, Ottawa	June 2016	25	2.00	*60,256*	*12,618*	*47,638*
National Film Board						
Capital leases less than $1,000,000				*210*	*6*	*204*
Environment and Climate Change						
Department of the Environment						
Carleton University, Ottawa – National Wildlife Research Centre	May 2002	25	5.63	*13,000*	*3,262*	*9,738*
Parks Canada Agency						
Greenwich Interpretation Multipurpose Centre	March 2001	24	6.30	3,190	728	2,462
Rocky Mountains Co-operative Housing Association	Nov 2001	18	6.30	389	33	356
Other capital leases less than $1,000,000				15	2	13
				3,594	*763*	*2,831*
National Defence						
Department of National Defence						
Boilers (2) Stadacona/Dockyard Halifax	Oct 2014	3	1.31	1,966	12	1,954
Edmonton Armoury – North	Dec 2000	20	5.62	5,187	509	4,678
Edmonton Armoury – South	May 2001	20	6.07	8,655	999	7,656
Longue Pointe Supply Depot	Nov 1994	35	7.64	42,829	15,517	27,312
Milit-Air Capital Lease (NFTC) (Lease 1 of 2)	Dec 1999	20	5.78	157,266	12,759	144,507
Milit-Air Capital Lease (NFTC) (Lease 2 of 2)	Oct 2003	17	5.87	25,196	2,715	22,481
Montfort Hospital – Health Services	Oct 2003	17	5.26	37,381	6,069	31,312
Shawinigan Armoury	May 1999	20	5.46	1,181	68	1,113
				279,661	*38,648*	*241,013*

Table 6.13
Details of obligation related to capital leases—*continued*

(in thousands of dollars)

				Balances at March 31, 2017		
	Inception date	Lease term in years	Discount rate %[1]	Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
Natural Resources						
Department of Natural Resources						
183 Longwood Drive, Hamilton	Nov 2010	25	1.65	*81,390*	*11,354*	*70,036*
Public Safety and Emergency Preparedness						
Correctional Service of Canada						
Capital leases less than $1,000,000				*113*	*17*	*96*
Royal Canadian Mounted Police						
Firing range, Chilliwack	Feb 2016	4	3.50	1,987	120	1,867
RCMP Detachment, Cornwall	Aug 2009	25	5.54	19,960	7,172	12,788
Other capital leases less than $1,000,000				1,047	376	671
				22,994	*7,668*	*15,326*
Public Services and Procurement						
Department of Public Works and Government Services						
1 Arctic Road, Inuvik	March 2008	10	10.73	172	10	162
110 O'Connor Street, Ottawa (Lease 1 of 6)	April 2009	10	5.70	1,156	66	1,090
110 O'Connor Street, Ottawa (Lease 2 of 6)	April 2009	10	5.43	1,134	62	1,072
110 O'Connor Street, Ottawa (Lease 3 of 6)	Dec 2009	10	5.43	2,520	179	2,341
110 O'Connor Street, Ottawa (Lease 4 of 6)	Dec 2009	10	5.43	1,868	133	1,735
110 O'Connor Street, Ottawa (Lease 5 of 6)	Dec 2009	10	5.43	976	69	907
110 O'Connor Street, Ottawa (Lease 6 of 6)	April 2010	10	4.37	552	32	520
1104 Ikaluktuutiak Drive, Iqaluit	Nov 2011	10	2.60	2,939	171	2,768
111 Lombard Avenue, Winnipeg	Nov 2014	20	2.69	20,338	4,147	16,191
1164 Devonshire Avenue, North Bay	April 2011	10	3.67	780	56	724
1200 Commissioners Road East, London	Dec 2012	10	9.02	2,145	472	1,673
12511 Vulcan Way, Richmond	July 2014	15	4.25	1,847	410	1,437
1300 Bath Road, Kingston	Feb 2012	10	2.20	598	31	567
1363 4th Avenue, Prince George	Dec 2010	10	6.84	641	76	565
139 Douglastown Boulevard, Miramichi	Oct 2012	10	1.95	2,582	136	2,446
1431 Merivale Road, Ottawa	Oct 2007	10	8.22	263	6	257
144 Millennium Drive, Quispamsis	Nov 2011	15	8.74	1,227	398	829
145 Hobsons Lake Drive, Halifax	Sept 2016	10	4.86	9,467	1,882	7,585
1550 d'Estimauville Avenue, Quebec	Nov 2011	20	8.24	63,636	26,674	36,962
159 Cleopatra Drive, Ottawa	March 2011	10	1.33	2,197	57	2,140
1600 Star Top Road, Ottawa	July 2004	15	7.15	6,883	543	6,340
165 Edgecomb Drive, Charlottetown	Aug 2012	15	8.65	1,580	538	1,042
1725 Woodward Drive, Ottawa (Lease 1 of 2)	Dec 2009	10	8.94	1,197	135	1,062
1725 Woodward Drive, Ottawa (Lease 2 of 2)	Dec 2009	10	8.55	1,105	120	985
179 3rd Avenue, Timmins	Feb 2010	10	8.69	2,167	252	1,915
180 Bass Pro Mills Drive, Vaughan	Sept 2014	10	2.20	4,250	332	3,918
1801 Hollis and Duke, Halifax	Oct 2009	10	3.89	1,255	61	1,194
181 Queen Street, Ottawa	March 2004	20	10.65	26,076	7,768	18,308
1869 Upper Water Street, Halifax	Aug 2016	10	2.40	4,722	494	4,228
187 Booth Road, North Bay	Jan 2017	10	4.64	1,981	392	1,589
1925 McCallum Road, Abbotsford	Nov 2008	15	4.30	2,908	394	2,514
200 John Street West, Oshawa	Nov 2009	10	7.16	718	64	654
2030 Pie IX Boulevard, Montreal	May 2015	10	3.83	2,051	290	1,761
215-219 George Street, Peterborough	April 2012	10	4.48	883	98	785
22 de Varennes Street, Gatineau	Nov 2007	10	10.97	362	13	349
22 Eddy Street, Gatineau	May 2013	25	7.89	251,940	130,018	121,922
220 Fortin Street, Quebec	Dec 2007	10	15.65	157	9	148
2250 St-Olivier Street, Trois-Rivières	Sept 2012	10	9.03	1,942	411	1,531
2455 Don Reid Drive, Ottawa	Dec 2009	15	7.71	2,365	584	1,781
2575 Sainte-Anne Boulevard, Quebec	April 2015	20	10.32	39,624	21,648	17,976
269 Laurier Avenue, Ottawa	Sept 2005	15	4.18	19,960	1,390	18,570

Table 6.13
Details of obligation related to capital leases—*continued*

(in thousands of dollars)

				Balances at March 31, 2017		
	Inception date	Lease term in years	Discount rate %[1]	Total estimated remaining minimum lease payments	Less imputed interest using the discount rate	Net obligations under capital lease arrangements
295 Belliveau Avenue, Shediac	Jan 2007	15	7.93	1,859	319	1,540
3 Lower Malpeque Road, Charlottetown	June 2008	10	4.19	165	4	161
30 Victoria Street, Gatineau	June 2013	25	7.89	252,915	130,821	122,094
301 Bishop Drive, Fredericton	Feb 2014	15	5.30	2,141	553	1,588
3020 Hawthorne Road, Ottawa	Dec 2012	15	2.27	6,067	683	5,384
3085 Glen Erin Drive, Mississauga (Lease 1 of 2)	Aug 2010	7	7.28	95	1	94
3085 Glen Erin Drive, Mississauga (Lease 2 of 2)	Nov 2010	10	5.74	1,032	101	931
325 Broadway Avenue, Winnipeg	Jan 2008	10	10.37	1,044	44	1,000
3299 Industriel Boulevard, Sherbrooke	Nov 2009	10	6.24	516	41	475
351 Saint-Joseph Boulevard, Gatineau (Lease 1 of 3)	Aug 2011	25	5.28	69,633	26,046	43,587
351 Saint-Joseph Boulevard, Gatineau (Lease 2 of 3)	Dec 2011	25	7.33	17,989	8,436	9,553
351 Saint-Joseph Boulevard, Gatineau (Lease 3 of 3)	Aug 2014	12	2.45	9,304	996	8,308
360 George Street North, Peterborough	April 2012	10	8.70	1,133	217	916
3600 Lysander Lane, Richmond	March 2010	10	0.43	1,164	8	1,156
395 Terminal Avenue, Ottawa	Jan 2013	15	2.67	47,886	6,304	41,582
4110 Wellington Street, Verdun	June 2012	10	7.20	838	137	701
419 Kensington Avenue, Estevan	Oct 2011	10	2.87	585	37	548
425 Bloor Street, Toronto	June 2014	10	2.39	1,822	149	1,673
444 5th Street, Shawinigan	Dec 2011	10	8.50	1,490	264	1,226
455 de la Carrière Boulevard, Gatineau	Nov 2012	25	6.86	188,870	89,319	99,551
485 Bishop Drive, Fredericton	Dec 2011	15	6.16	1,103	274	829
4901-05 46th Street, Red Deer	Aug 2011	10	3.11	1,111	73	1,038
5019 52nd Street, Yellowknife	Feb 2011	10	2.54	817	39	778
5151 De la Savane Street, Montreal	June 2014	10	2.39	1,939	159	1,780
516 O'Connor Drive, Kingston	April 2016	10	1.59	2,338	161	2,177
522 Main Street, Shediac	April 2012	10	2.34	1,781	102	1,679
555 McAllister Drive, Saint John	Nov 2007	10	8.16	372	10	362
559 College Street, Toronto	July 2012	10	2.24	1,642	89	1,553
635 8th Avenue South West, Calgary	July 2009	10	3.55	2,463	99	2,364
6500 Trans-Canada Highway, Pointe-Claire	Sept 2012	10	1.95	674	35	639
6503 67th Street, Red Deer	Sept 2009	10	4.81	317	18	299
667 Notre-Dame Street, Repentigny	April 2013	10	2.01	883	52	831
8 Colonnade Road, Ottawa	May 2007	10	5.91	24	—[2]	24
8 Oakes Avenue, Kirkland Lake	April 2012	10	6.93	4,305	675	3,630
8 Queen Street East, Sault Ste Marie	June 2010	10	4.95	925	70	855
81 Kingmingya Road, Inuvik	Jan 2011	10	7.35	573	73	500
81 Mulcaster Street, Barrie	Sept 2012	15	12.99	5,802	2,631	3,171
825-827 Fort Street, Victoria	Oct 2011	10	2.66	859	50	809
859 Main Street, Moncton	July 2008	10	5.49	242	9	233
90 Elgin Street, Ottawa	Nov 2014	25	7.23	441,208	224,085	217,123
933 Mivvik Street, Iqualuit (Lease 1 of 2)	June 2013	10	2.19	3,201	209	2,992
933 Mivvik Street, Iqualuit (Lease 2 of 2)	Sept 2013	10	2.72	2,296	191	2,105
985 McGill Place, Kamloops	June 2002	15	13.50	51	1	50
98-100 Racine Street East, Saguenay	June 2011	9	5.36	709	72	637
Admiral Building, Ottawa	Aug 2009	15	11.51	1,319	441	878
Albion Executive Tower, Ottawa	Dec 2009	10	6.80	856	75	781
Anderson Building, Selkirk	Jan 2012	10	2.18	590	29	561
Barker House, Fredericton	April 2010	10	2.82	1,101	46	1,055
Bell Canada Place, Ottawa	May 2003	15	10.88	1,023	62	961
Broad Street Crossing, Regina (Lease 1 of 2)	May 2008	10	4.88	236	7	229
Broad Street Crossing, Regina (Lease 2 of 2)	May 2008	10	9.77	183	10	173

Table 6.13
Details of obligation related to capital leases—*continued*

(in thousands of dollars)

				Balances at March 31, 2017		
	Inception date	Lease term in years	Discount rate %[1]	Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
Canada Place Building, Edmonton	Oct 2007	25	4.44	303,391	88,125	215,266
Canada Post Place, Ottawa	Dec 2004	15	4.91	8,185	528	7,657
Cargill Building, Winnipeg	July 2008	10	7.38	1,437	68	1,369
Carling Square, Tower I, Ottawa	Oct 2007	10	11.76	415	14	401
Carling Square, Tower II, Ottawa	Dec 2007	10	7.83	897	26	871
Centennial House, Winnipeg	April 2008	10	4.69	531	13	518
Chahko Mika Mall, Nelson	Nov 2011	10	7.89	1,303	213	1,090
Chebucto Place, Halifax	May 2011	10	3.45	878	60	818
Chief Joseph Big Plume Building, Sarcee	Jan 2011	10	5.93	1,693	178	1,515
City Place III, Kingston	Jan 2016	10	1.68	2,056	146	1,910
City Place, Winnipeg (Lease 1 of 2)	Nov 2008	10	9.16	481	35	446
City Place, Winnipeg (Lease 2 of 2)	April 2009	10	7.04	1,112	78	1,034
Coast Guard Base, Mount Pearl	Feb 2011	8	2.21	483	10	473
Commodity Exchange & Winnipeg Square, Winnipeg (Lease 1 of 2)	Jan 2009	9	9.61	586	23	563
Commodity Exchange & Winnipeg Square, Winnipeg (Lease 2 of 2)	Jan 2009	9	9.74	418	16	402
Crowsnest Trail Plaza, Lethbridge	July 2008	10	5.83	229	9	220
De La Cité Place, Gatineau	Dec 2003	15	9.78	6,507	525	5,982
Des Explorateurs Place, Gatineau	Oct 2008	10	4.68	479	17	462
Fontaine Building, Gatineau	Jan 2008	15	5.82	19,050	2,895	16,155
Fraser Building, Ottawa	Feb 2010	10	3.24	1,298	59	1,239
Frederick Square, Fredericton	Dec 2011	10	2.31	617	33	584
Galeries Laurentides, Saint-Jérôme	June 2007	10	15.13	41	1	40
Glencoe Building, Mount Pearl	Dec 2007	10	10.74	262	10	252
Guy Favreau Complex, Montreal	Jan 2004	15	5.84	41,927	3,470	38,457
Harry Hays Building, Calgary	Oct 2007	25	4.44	300,401	87,271	213,130
Hérelle Place, Longueuil	Sept 2012	10	8.98	823	173	650
Heritage Court, Moncton	July 2013	15	5.48	5,167	1,317	3,850
Joseph Shepard Building, Toronto	Oct 2007	25	4.44	207,712	60,347	147,365
Judicial Complex, Toronto	April 2006	20	11.40	57,391	22,006	35,385
Kamotiq Building, Nunavut	April 2011	10	5.10	2,250	218	2,032
Kent Square Building, Ottawa	Oct 2007	10	4.52	321	4	317
Laurier Place, Ottawa	May 2009	10	5.51	938	54	884
Library Square (Block 56), Vancouver	May 1995	25	9.68	20,556	2,845	17,711
Lionel Chevrier Building, Cornwall	Dec 2004	15	6.07	2,110	167	1,943
Louis St-Laurent Building, Gatineau	Nov 2001	15	6.38	15,000		15,000
Maritime Centre, Halifax (Lease 1 of 2)	Jan 2010	15	6.26	12,583	2,662	9,921
Maritime Centre, Halifax (Lease 2 of 2)	Jan 2010	15	5.78	1,305	258	1,047
Market Square, Kitchener	July 2014	10	2.39	990	82	908
Megasys Phase II, Calgary	Feb 2008	10	4.79	758	19	739
Mercury Centre, Ottawa	Jan 2007	25	4.50	95,893	25,924	69,969
Mews Place, St. John's	Oct 2011	10	2.37	1,639	87	1,552
Montcalm Place, Phase III, Gatineau	Dec 2003	15	8.65	6,783	487	6,296
Montcalm Place, Tower II, Gatineau	April 2012	15	2.64	18,020	2,198	15,822
Morgan Building, Clarenville	May 2013	10	6.27	876	149	727
Narono Building, Ottawa	Feb 2008	10	4.61	221	5	216
Nova Plaza, Yellowknife (Lease 1 of 2)	April 2009	10	6.00	874	52	822
Nova Plaza, Yellowknife (Lease 2 of 2)	April 2010	10	10.21	593	84	509

Table 6.13
Details of obligation related to capital leases—*concluded*

(in thousands of dollars)

				Balances at March 31, 2017		
	Inception date	Lease term in years	Discount rate %[1]	Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
Parks Canada Building, Dartmouth	July 2009	20	7.61	3,321	1,165	2,156
Queen Square, Dartmouth (Lease 1 of 2)	Sept 2011	10	3.18	5,891	402	5,489
Queen Square, Dartmouth (Lease 2 of 2)	April 2016	10	10.85	3,293	1,541	1,752
RCMP Building, Montreal	Oct 2007	25	4.44	52,244	15,218	37,026
Revenue Canada Building, Montreal	Oct 2007	25	4.44	106,223	30,870	75,353
Roper Ridge Business Park, Edmonton	Nov 2008	10	6.43	1,472	76	1,396
Rosdev de Ville, Gatineau	June 2007	10	4.58	616	4	612
Royal Centre, New Westminster (Lease 1 of 2)	Nov 2008	10	11.22	460	40	420
Royal Centre, New Westminster (Lease 2 of 2)	March 2011	9	5.96	513	50	463
Samuel-Holland Complex, Quebec	July 2011	10	3.13	635	41	594
Sixty Queen Building, Ottawa (Lease 1 of 2)	July 2008	10	3.94	278	5	273
Sixty Queen Building, Ottawa (Lease 2 of 2)	May 2009	9	0.32	795	1	794
Sixty-Six Slater Building, Ottawa (Lease 1 of 2)	April 2009	10	4.95	1,224	61	1,163
Sixty-Six Slater Building, Ottawa (Lease 2 of 2)	Sept 2010	10	5.53	713	65	648
Skyline Complex, Ottawa	Oct 2007	25	4.44	235,057	68,370	166,687
Smith Building, St. John's	July 2009	10	7.08	1,058	83	975
Stock Exchange Tower, Montreal	April 2012	10	3.36	825	67	758
The Baker Center Building, Edmonton	Dec 2007	10	4.45	122	2	120
The New Two Seventy Building, Ottawa	June 2007	10	4.58	195	1	194
Thomas D'Arcy McGee Building, Ottawa	Oct 2007	25	4.44	183,205	53,199	130,006
Time Square Building, Ottawa	Oct 2010	10	4.76	2,360	190	2,170
Trebla Building, Ottawa (Lease 1 of 2)	April 2009	10	9.46	2,183	201	1,982
Trebla Building, Ottawa (Lease 2 of 2)	April 2009	10	2.73	231	6	225
Trusco Building, Ottawa	Sept 2006	20	4.28	65,412	11,654	53,758
VAC Records Management Centre, Charlottetown	Nov 2007	15	13.43	1,841	551	1,290
Vanguard Building, Ottawa	Nov 2007	10	4.80	278	4	274
Vault Building, Lethbridge	April 2008	10	6.18	201	7	194
Waldron Building, Yellowknife	Aug 2007	10	12.22	85	2	83
Woodward's Abbott Building, Vancouver	Jan 2010	15	5.35	3,648	672	2,976
Other capital leases less than $1,000,000				41,186	8,021	33,165
				3,441,700	*1,190,478*	*2,251,222*
Defence Construction (1951) Limited						
Capital leases less than $1,000,000				*330*	*16*	*314*
Shared Services Canada						
IBM – Consolidated Enterprise Servers	Jan 2015	4	0.65	51,520	304	51,216
Supercomputer Meteorological Service of Canada	Sept 2015	2	0.53	5,500	5	5,495
				57,020	*309*	*56,711*
Transport						
Department of Transport						
Confederation Bridge, Borden-Carleton	May 1997	35	6.16	*1,035,871*	*548,833*	*487,038*
Other ministries						
Capital leases less than $1,000,000				*239*	*11*	*228*
Total				5,064,648	1,838,810	3,225,838

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[1] For lessors and lessees, the financing rate of a lease agreement is subject to change over the term of lease

[2] Less than $500

Minimum lease payments related to capital leases

Table 6.14 presents upcoming minimum leases payments for the next five years by department.

Table 6.14
Minimum lease payments related to capital leases

(in thousands of dollars)

	Payments due by March 31						
	2018	2019	2020	2021	2022	2023 and subsequent	Total
Canadian Heritage							
Canadian Broadcasting Corporation							
Remaining payments	10,728	690	690	690	690	4,027	17,515
Imputed interest	435	135	123	110	97	22	922
	10,293	*555*	*567*	*580*	*593*	*4,005*	*16,593*
Canadian Museum of Nature							
Remaining payments	3,500	3,500	3,500	3,500	3,500	33,250	50,750
Imputed interest	2,627	2,536	2,436	2,325	2,202	11,779	23,905
	873	*964*	*1,064*	*1,175*	*1,298*	*21,471*	*26,845*
Canadian Race Relations Foundation							
Remaining payments	2	1	1	1	–	–	5
Imputed interest	–	–	–	–	–	–	–
	2	*1*	*1*	*1*	–	–	*5*
National Capital Commission							
Remaining payments	2,306	2,306	2,306	2,306	2,654	48,378	60,256
Imputed interest	940	913	885	856	824	8,200	12,618
	1,366	*1,393*	*1,421*	*1,450*	*1,830*	*40,178*	*47,638*
National Film Board							
Remaining payments	138	72	–	–	–	–	210
Imputed interest	4	2	–	–	–	–	6
	134	*70*	–	–	–	–	*204*
Environment and Climate Change							
Department of the Environment							
Remaining payments	1,300	1,300	1,300	1,300	1,300	6,500	13,000
Imputed interest	548	506	461	414	364	969	3,262
	752	*794*	*839*	*886*	*936*	*5,531*	*9,738*
Parks Canada Agency							
Remaining payments	544	544	508	403	403	1,192	3,594
Imputed interest	166	141	115	94	73	174	763
	378	*403*	*393*	*309*	*330*	*1,018*	*2,831*
National Defence							
Department of National Defence							
Remaining payments	83,959	81,886	49,837	14,249	7,636	42,094	279,661
Imputed interest	12,796	8,744	4,483	2,748	2,278	7,599	38,648
	71,163	*73,142*	*45,354*	*11,501*	*5,358*	*34,495*	*241,013*
Natural Resources							
Department of Natural Resources							
Remaining payments	4,372	4,372	4,372	4,372	4,372	59,530	81,390
Imputed interest	1,131	1,077	1,023	967	910	6,246	11,354
	3,241	*3,295*	*3,349*	*3,405*	*3,462*	*53,284*	*70,036*
Public Safety and Emergency Preparedness							
Correctional Service of Canada							
Remaining payments	27	27	27	32	–	–	113
Imputed interest	7	5	4	1	–	–	17
	20	*22*	*23*	*31*	–	–	*96*
Royal Canadian Mounted Police							
Remaining payments	1,774	1,774	1,774	1,490	1,206	14,976	22,994
Imputed interest	791	746	699	651	617	4,164	7,668
	983	*1,028*	*1,075*	*839*	*589*	*10,812*	*15,326*
Public Services and Procurement							
Department of Public Works and Government Services							
Remaining payments	284,606	284,186	231,135	209,900	200,288	2,231,585	3,441,700
Imputed interest	122,457	113,334	104,884	98,265	92,411	659,127	1,190,478
	162,149	*170,852*	*126,251*	*111,635*	*107,877*	*1,572,458*	*2,251,222*

Table 6.14
Minimum lease payments related to capital leases—*concluded*

(in thousands of dollars)

	Payments due by March 31						
	2018	2019	2020	2021	2022	2023 and subsequent	Total
Defence Construction (1951) Limited							
Remaining payments	96	234	–	–	–	–	330
Imputed interest	8	8	–	–	–	–	16
	88	*226*	–	–	–	–	*314*
Shared Services Canada							
Remaining payments	36,343	20,677	–	–	–	–	57,020
Imputed interest	253	56	–	–	–	–	309
	36,090	*20,621*	–	–	–	–	*56,711*
Transport							
Department of Transport							
Remaining payments	64,942	61,983	62,920	63,871	64,836	717,319	1,035,871
Imputed interest	41,942	37,936	37,777	37,583	37,351	356,244	548,833
	23,000	*24,047*	*25,143*	*26,288*	*27,485*	*361,075*	*487,038*
Other ministries							
Remaining payments	149	54	25	9	2	–	239
Imputed interest	7	2	1	1	–	–	11
	142	*52*	*24*	*8*	*2*	–	*228*
Total	310,674	297,465	205,504	158,108	149,760	2,104,327	3,225,838
Summary							
Remaining payments	494,786	463,606	358,395	302,123	286,887	3,158,851	5,064,648
Imputed interest	184,112	166,141	152,891	144,015	137,127	1,054,524	1,838,810
Net obligation	310,674	297,465	205,504	158,108	149,760	2,104,327	3,225,838

Pensions and other future benefits

The obligations arising from public sector pensions and other employee and veteran future benefits, sponsored by the Government or some of the consolidated Crown corporations and other entities, are measured on an actuarial basis and are presented net of pension assets and unrecognized net actuarial gain or loss, as well as contributions and benefits paid by some of the consolidated Crown corporations and other entities after their measurement date of December 31 up to March 31.

Public sector pensions

The Government sponsors a number of defined benefit pension plans covering substantially all its employees, principally members of the federal public service, the Canadian Forces (including the Reserve Force) and the Royal Canadian Mounted Police, as well as employees of certain Public Service corporations and territorial governments. The Government also sponsors several other pension plans; the two most significant ones being for Members of Parliament and federally appointed judges. The Government has a statutory obligation to pay the pension benefits it sponsors.

The liabilities for public sector pensions sponsored by the Government are initially recorded through pension accounts, which are generally established pursuant to legislation. The pension accounts track transactions such as contributions, interest credits, benefit payments, transfers and administrative expenses. Any adjustments required under the Government's accounting policies are then recorded through allowance for pension adjustment accounts. The allowance accounts reflect the differential between accrual and cash accounting recognized through the years. They also reflect the accumulated difference in interest calculations and consolidation adjustments related to refundable tax amounts remitted to or refunded from the Canada Revenue Agency.

The Government's pension plans are generally financed from employer and employee contributions or from Government and member contributions. The contributions are either part of general funds or transferred to the Public Sector Pension Investment Board (PSPIB) for investment. Since April 1, 2000, amounts equal to contributions less benefits and other payments related to the public service, Canadian Forces—Regular Force and Royal Canadian Mounted Police pension plans, and since 2007 for the Canadian Forces—Reserve Force pension plan, that fall within the *Income Tax Act* limits are transferred to the PSPIB. The goal of the PSPIB is to maximize returns on investments without undue risk of loss, while considering the requirements and financial obligations of each of the pension plans. The PSPIB, a Canadian Crown corporation established by the *Public Sector Pension Investment Board Act*, reports the results of the investments in an annual report tabled in Parliament. Contributions for all the other pension plans sponsored by the Government are part of general funds.

More information on the above-mentioned plans can be found in the respective annual report on the administration of the plans tabled in Parliament.

In addition, some of the consolidated Crown corporations and other entities maintain their own defined benefit pension plans covering substantially all of their employees. The majority of the defined benefit pension plans are contributory plans. Employer and employee contributions are made in accordance with the provisions of the plans. Pension plans' funds are held in external trusts that are legally separate from Crown corporations and other entities.

i. Pension plans

Public Service Pension Plan, Canadian Forces Pension Plan including the Reserve Force Pension Plan and Royal Canadian Mounted Police Pension Plan

The pension plans for the public service, Canadian Forces—Regular Force and the Royal Canadian Mounted Police provide for the payment of a lifetime pension and a temporary bridge benefit payable normally until age 65, the age at which members generally become eligible for the Canada Pension Plan (CPP) or Quebec Pension Plan (QPP). The annual lifetime pension is based on the average salary of five consecutive years of highest-paid service and the years of pensionable service. For the Canadian Forces—Reserve Force pension plan, the annual lifetime pension is based on a percentage of indexed pensionable earnings with a temporary bridge benefit until members become eligible for the CPP or QPP. Pension benefits are indexed annually on January 1 to take into account the cost of living.

Pension benefits accrue at a rate of two per cent per year of pensionable service up to a maximum of 35 years, the exception being the benefits offered under the Canadian Forces—Reserve Force pension plan which accrue at a rate of 1.5 per cent up to a maximum of 35 years. Pension benefits are coordinated with those of the CPP or the QPP. Pension benefits for the public service pension plan members will accrue under either Group 1 for employees who were plan members prior to January 1, 2013, or Group 2 for employees joining the public service pension plan on or after that date. The normal retirement age for Group 1 members is 60. For Group 2 members, the normal retirement age is 65 and other age-related thresholds were increased by 5 years.

The contribution rates for current service for all members of the public service will increase gradually to a 50:50 cost sharing ratio with the government by 2017. Public service Group 1, Canadian Forces—Regular Force and Royal Canadian Mounted Police members contribute at different rates than public service Group 2 members. These rates are as follows:

Public service Group 1, Canadian Forces—Regular Force and Royal Canadian Mounted Police pension plan members contributed:

- for the first nine months of the 2017 fiscal year, 9.1 per cent (8.2 per cent in 2016) of salary up to the Yearly Maximum Pensionable Earnings (YMPE) for the CPP or QPP and 11 per cent (10.4 per cent in 2016) of salary above the YMPE; and
- for the last three months of the 2017 fiscal year, 9.5 per cent (9.1 per cent in 2016) of salary up to the YMPE and 11.7 per cent (11 per cent in 2016) of salary above the YMPE.

Public service Group 2 pension plan members contributed:

- for the first nine months of the 2017 fiscal year, 7.9 per cent (7.1 per cent in 2016) of salary up to the YMPE for the CPP or QPP and 9.4 per cent (8.5 per cent in 2016) of salary above the YMPE; and
- for the last three months of the 2017 fiscal year, 8.4 per cent (7.9 per cent in 2016) of salary up to the YMPE and 9.9 per cent (9.4 per cent in 2016) of salary above the YMPE.

Contribution rates for Group 2 members were lower than for Group 1 members due to the lower cost of the benefits related to increasing the normal age of retirement from 60 to 65.

Members of the Canadian Forces—Reserve Force contribute 5.2 per cent on salary up to two thirds of the YMPE.

Employer contributions are made monthly to provide for the cost (net of employee contributions) of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. For 2017, the employer contribution rates were about 1.1, 1.5 and 1.3 (1.2, 1.7 and 1.4 respectively in 2016) times the current year's employee contribution for the plans under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* (Regular Force pension plan) and the *Royal Canadian Mounted Police Superannuation Act*, respectively. For 2017, the employer contribution rate was about 2.0 (1.9 in 2016) times the current year's employee contribution for the Reserve Force pension plan.

The superannuation accounts, which record the transactions that pertain to pre April 1, 2000 service, are credited with interest at rates that are based on the Government of Canada long-term bond rate. The average interest rate credited to the superannuation accounts was approximately 4.4 per cent (4.8 per cent in 2016).

The pension fund accounts, which record the transactions that pertain to service since April 1, 2000, are flow through accounts used to transfer funds to the PSPIB. The balance in the pension fund accounts at year-end represents the amounts awaiting transfer to the PSPIB.

The retirement compensation arrangements (RCA) accounts records transactions for those pension benefits above the pension limits set under the *Income Tax Act*. The RCA, Regulations No. 1 and No. 2 are registered with the Canada Revenue Agency (CRA) and a transfer is made annually between these RCA regulations and the CRA, either to remit a 50 per cent refundable tax in respect of the net contributions and interest credits or to receive a refund based on the net benefit payments.

Members of Parliament retiring allowances

Members of Parliament are eligible at a certain age to receive a basic allowance upon termination of membership and after having contributed to the plan for at least six years. Retirement age is set at 55 for pensionable service accrued before January 1, 2016 and at 65 for pensionable service accrued on or after January 1, 2016, with the option of reduced benefits for early retirement at age 55. The basic allowance accrues at a rate of 3 per cent per year of pensionable service for both Members of the House of Commons and for Senators. For service accrued before January 1, 2016, the accrual rate is multiplied by the average of the best five consecutive years of sessional indemnity up to a maximum of 75 per cent of the plan member's average sessional indemnity. For service accrued after December 31, 2015, the accrual rate is multiplied by the average of the best five consecutive years of pensionable earnings up to a maximum of 75 per cent of the plan member's average pensionable earnings. Basic allowances are indexed annually on January 1 to the cost of living once recipients reach age 60. Pensionable service accrued on or after January 1, 2016, under the Members of Parliament pension plan, is coordinated with the CPP or QPP at age 60.

The contribution rates have increased over time to bring the plan members' share to 50 per cent as at January 1, 2017. For the 2017 fiscal year, plan members contributed at a rate of 15.8 per cent (10 per cent in 2016) of their salary for the first nine months and a rate of approximately 19.5 per cent (15.8 per cent in 2016) for the last three months.

The Government contributions are made monthly to provide for the cost (net of plan member contributions) of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. The Government contributions, expressed as a multiple of plan member contributions, are on average as follows:

	2017	2016
Members of Parliament		
Retiring Allowances Account	1.5	3.7
Compensation Arrangements Account	1.6	3.0

Contributions are credited to the appropriate pension account, either the Members of Parliament Retiring Allowances Account or the Members of Parliament Retirement Compensation Arrangements Account. The pension accounts are also credited with interest at a rate determined by the Chief Actuary of Canada. The average interest rate credited to the pension accounts in 2017 was approximately 4.6 per cent (4.1 per cent in 2016).

Pension plan for federally appointed judges

This plan provides fully indexed annuities to judges and to all eligible survivors providing they meet minimum age and service requirements. The full benefit amount is generally payable when the member has completed 15 years of pensionable service and the sum of the member's age and years of service totals 80.

Judges appointed to the bench before February 17, 1975, make required contributions of 1.5 per cent of salary. All other judges contribute 7 per cent of salary.

Legislation does not require a specific pension account to be maintained to record the transactions pertaining to this plan. Therefore, except for the portion recorded in the Supplementary Retirement Benefit Account, the liability pertaining to this plan is recorded through an allowance account. During the year, benefits paid are recorded as expenditures against the statutory payment authority. The expense is adjusted at year-end through an allowance account, to bring the current year expense from cash to an accrual accounting basis, similar to that of the other pension plans. During the year, the benefit payments charged to the expenditure authority amounted to $152 million ($143 million in 2016). At March 31, 2017, the portion of the pension liability recorded through an allowance account for the judges' pension plan amounted to $2,547 million ($2,421 million in 2016).

Consolidated Crown corporations and other entities pension plans

Pension benefits provided under consolidated Crown corporations and other entities defined benefit pension plans accrue depending on the terms of the plans. Generally, they are based on a combination of an accrual rate per years of pensionable service and some type of pensionable earnings average. Some of the consolidated Crown corporations and other entities defined benefit pension plans are closed to new entrants.

ii. Actuarial valuations

As required under the *Public Pensions Reporting Act*, actuarial valuations of the pension plans sponsored by the Government are performed at least every three years for funding purposes. The actuarial valuations are performed by the Office of the Chief Actuary, submitted to the President of the Treasury Board, and tabled in Parliament.

The most recent date for the actuarial valuation of each pension plan sponsored by the Government is as follows:

Public Service—March 31, 2014;

Royal Canadian Mounted Police—March 31, 2015;

Canadian Forces—Regular Force—March 31, 2016, valuation currently in progress;

Canadian Forces—Reserve Force—March 31, 2016, valuation currently in progress;

Members of Parliament—March 31, 2016, valuation currently in progress; and

Federally appointed judges—March 31, 2016, valuation currently in progress.

The actuarial valuations for the public service, Canadian Forces, Royal Canadian Mounted Police and Members of Parliament pension plans include the valuation of the Retirement Compensation Arrangements (RCA) component related to each plan.

Where applicable, the funding valuations provide the Government with recommendations for setting both employer and employee contribution rates, as well as any actuarial adjustment to amortize deficiencies or excesses. These actuarial adjustments are made in equal instalments over a period not exceeding 15 years commencing in the year in which the actuarial report is laid before Parliament.

To address actuarial deficiencies, no adjustment ($681 million in 2016) was made to the Public Service Superannuation Account, $340 million ($340 million in 2016) to the Public Service Pension Fund Account, $170 million ($170 million in 2016) to the Canadian Forces Pension Fund Account, $4 million ($2 million in 2016) to the Reserve Force Pension Fund Account, $234 million ($12 million in 2016) to the Royal Canadian Mounted Police Superannuation Account, $9 million ($74 million in 2016) to the Royal Canadian Mounted Police Pension Fund Account, nil ($129 million in 2016) to the Public Service Retirement Compensation Arrangements (RCA) Account No. 2, and nil ($12 million in 2016) to the Public Service Retirement Compensation Arrangements (RCA) Account No. 1. The actuarial adjustments recorded in pension fund accounts are transferred to the PSPIB for investment.To address deficiencies, the consolidated Crown corporations and other entities made special funding payments of $18 million in 2017 ($59 million in 2016).

Table 6.15 presents a summary of the balances and transactions for public sector pension plan liabilities. In particular, receipts and other credits for the Government's pension accounts consist of contributions from plan members, the Government of Canada, participating Public Service corporations and territorial governments, as well as transfers from other pension funds, actuarial adjustments to amortize deficiencies, refunds of refundable tax and interest. Payments and other charges for the Government's pension accounts consist of annuity payments, minimum benefits, cash termination allowances (lump sum payments to employees suffering a disability), returns of contributions, pension division payments, transfer value payments, transfers to other funds, remittances of refundable tax, payments of administrative expenses, actuarial adjustments to amortize excesses, and transfers to PSPIB. Adjustments to the Government's allowance accounts result from the differential with annual actuarial valuations performed for accounting purposes. These include differences between benefits earned and contributions and interest calculations, as well as from other adjustments required under the Government's accounting policies such as recognition of actuarial gains and losses and consolidation adjustments related to refundable tax amounts.

Pension benefits funded by the Government relate to post March 2000 service that falls within the *Income Tax Act* limits for the three main public sector pension plans and all service for the Canadian Force—Reserve Force pension plan, as funds are invested through the PSPIB. Funded pension benefits also relate to consolidated Crown corporations and other entities where pension plans' funds are held in external trusts that are legally separate from Crown corporations and other entities. For unfunded pension plans, separate market invested funds are not maintained. These relate to all pre April 2000 service and only to post March 2000 service that falls above the *Income Tax Act* limits for the three main public sector pension plans, all service periods for the pension plans of the federally appointed judges and Members of Parliament, and some of the consolidated Crown corporations and other entities pension plans.

Table 6.15
Public sector pensions

(in millions of dollars)

	April 1, 2016	Receipts and other credits	Payments and other charges	March 31, 2017
Funded pension benefits				
Public Service Pension Fund Account, Table 6.18	355	4,855	4,887	323
Allowance for pension adjustments	3,233	161	756	2,638
Subtotal	*3,588*	*5,016*	*5,643*	*2,961*
Canadian Forces Pension Fund Account, Table 6.20	169	1,387	1,383	173
Allowance for pension adjustments	1,007	96	174	929
Subtotal	*1,176*	*1,483*	*1,557*	*1,102*
Reserve Force Pension Fund Account, Table 6.21	(51)	57	69	(63)
Allowance for pension adjustments	171	5	21	155
Subtotal	*120*	*62*	*90*	*92*
Royal Canadian Mounted Police Pension Fund Account, Table 6.23	15	463	462	16
Allowance for pension adjustments	220	6	58	168
Subtotal	*235*	*469*	*520*	*184*
Total pension fund accounts	488	6,762	6,801	449
Total allowance for pension adjustments	4,631	268	1,009	3,890
Pension benefit liabilities related to funded plans sponsored by the Government	5,119	7,030	7,810	4,339
Pension benefit assets related to funded plans sponsored by consolidated Crown corporations and other entities	(1,639)	105	366	(1,900)
Net pension benefit liabilities related to funded plans	3,480	7,135	8,176	2,439
Unfunded pension benefits				
Public Service Superannuation Account, Table 6.17	95,566	4,148	5,505	94,209
Allowance for pension adjustments	(9,312)	1,235	20	(8,097)
Subtotal	*86,254*	*5,383*	*5,525*	*86,112*
Canadian Forces Superannuation Account, Table 6.19	45,695	1,984	2,470	45,209
Allowance for pension adjustments	(4,501)	661	5	(3,845)
Subtotal	*41,194*	*2,645*	*2,475*	*41,364*
Royal Canadian Mounted Police Superannuation Account, Table 6.22	13,155	804	684	13,275
Allowance for pension adjustments	(1,192)	154	235	(1,273)
Subtotal	*11,963*	*958*	*919*	*12,002*
Members of Parliament Retiring Allowances Account, Table 6.24	502	37	30	509
Allowance for pension adjustments	(78)	15	12	(75)
Subtotal	*424*	*52*	*42*	*434*
Members of Parliament Retirement Compensation Arrangements Account, Table 6.25	249	29	23	255
Allowance for pension adjustments	208	20	6	222
Subtotal	*457*	*49*	*29*	*477*
Retirement Compensation Arrangements (RCA) Account, Table 6.26	2,396	200	242	2,354
Allowance for pension adjustments	1,697	176	11	1,862
Subtotal	*4,093*	*376*	*253*	*4,216*
Supplementary Retirement Benefits Account (Judges), Table 6.27	215	9		224
Allowance for pension adjustments	2,421	139	13	2,547
Subtotal	*2,636*	*148*	*13*	*2,771*
Supplementary Retirement Benefits Account (Others), Table 6.27	1			1
Total superannuation accounts	157,779	7,211	8,954	156,036
Total allowance for pension adjustments	(10,757)	2,400	302	(8,659)
Pension benefit liabilities related to unfunded plans sponsored by the Government	147,022	9,611	9,256	147,377
Pension benefit liabilities related to unfunded plans sponsored by consolidated Crown corporations and other entities	86	8	4	90
Pension benefit liabilities related to unfunded plans	147,108	9,619	9,260	147,467
Net pension benefit liabilities	150,588	16,754	17,436	149,906
The net pension benefit liabilities were recognized and presented in the Consolidated Statement of Financial Position as follows:				
Public sector pension liabilities	152,227	16,649	17,070	151,806
Public sector pension assets	(1,639)	105	366	(1,900)
Net pension benefit liabilities	150,588	16,754	17,436	149,906

Table 6.16 presents a summary of transactions in public sector pensions that resulted in charges to expenses. Interest is calculated based on the accrued pension obligations under the various plans. The net interest expense represents interest of $6,817 million ($7,333 million in 2016) credited to the superannuation accounts in accordance with the pension legislation, a provision of $5,247 million ($4,439 million in 2016) and interest of $428 million ($421 million in 2016) on the consolidated Crown corporations and other entities' obligations, shown net of $5,793 million ($4,899 million in 2016) in expected return on pension investments.

Table 6.16
Summary of transactions in public sector pensions that resulted in charges to expenditures

(in millions of dollars)

	2016–2017									2015–2016	
	Government contributions and other[1]	Adjustment	Net benefits earned	Actuarial adjustments[2]	Costs recorded in previous years[3]	Plan amendments/ curtailments	Actuarial losses (gains) recognized	Pension expense	Net interest expense	Pension expense	Net interest expense
Funded pension benefits											
Public Service Pension Fund Account	2,126	161	2,287	340	(340)	–	(338)	1,949	(78)	2,182	11
Canadian Forces Pension Fund Account	711	54	765	170	(170)	–	22	787	20	869	41
Reserve Force Pension Fund Account	34	(7)	27	4	(4)	–	(10)	17	1	(2)	(4)
Royal Canadian Mounted Police Pension Fund Account	250	28	278	9	(9)	(22)	(46)	210	(3)	263	(2)
Consolidated Crown corporations and other entities[1]	82	(5)	77	18	(18)	28	(118)	(13)	(148)	(62)	(164)
Total funded pension benefits	3,203	231	3,434	541	(541)	6	(490)	2,950	(208)	3,250	(118)

Table 6.16
Summary of transactions in public sector pensions that resulted in charges to expenditures—*concluded*

(in millions of dollars)

	2016–2017									2015–2016	
	Government contributions and other[1]	Adjustment	Net benefits earned	Actuarial adjustments[2]	Costs recorded in previous years[3]	Plan amendments/ curtailments	Actuarial losses (gains) recognized	Pension expense	Net interest expense	Pension expense	Net interest expense
Unfunded pension benefits											
Public Service Superannuation Account[4]	9	(20)	(11)	—	—	—	1,215	1,204	4,148	818	4,477
Canadian Forces Superannuation Account	2	(5)	(3)	—	—	—	651	648	1,988	444	2,119
Defence Services Pension Continuation Act[1]	2	—	2	—	—	—	—	2	—	3	—
Royal Canadian Mounted Police Superannuation Account	—	(1)	(1)	234	(234)	(4)	145	140	582	105	619
Royal Canadian Mounted Police Continuation Act[1]	9	—	9	—	—	—	—	9	—	10	—
Members of Parliament Retiring Allowances Account	8	1	9	—	—	—	14	23	11	12	11
Members of Parliament Retirement Compensation Arrangements Account	11	6	17	—	—	—	8	25	6	17	6
Retirement Compensation Arrangements (RCA) Account	70	32	102	—	—	—	34	136	97	133	107
Supplementary Retirement Benefits Account	4	—	4	—	—	—	—	4	—	4	1
Judges Act[1]	152	(13)	139	—	—	—	70	209	71	182	69
Other (diplomatic services, lieutenant governors, etc.)[1]	2	—	2	—	—	—	—	2	—	2	—
Consolidated Crown corporations and other entities	—	2	2	—	—	—	2	4	4	5	3
Subtotal	269	2	271	234	(234)	(4)	2,139	2,406	6,907	1,735	7,412
Contributions from the Judges' plan recorded to revenues	(15)	—	(15)	—	—	—	—	(15)	—	(15)	—
Total unfunded pension benefits	254	2	256	234	(234)	(4)	2,139	2,391	6,907	1,720	7,412
Total reported in the Consolidated Statement of Operations and Accumulated Deficit	3,457	233	3,690	775	(775)	2	1,649	5,341	6,699	4,970	7,294

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[1] "Other" includes consolidated Crown corporations and other entities' contributions to their pension plans and statutory payments made to beneficiaries.

[2] Represents actuarial adjustments to amortize deficiencies.

[3] Represents the reversal of costs already recorded in the allowance for pension adjustments of previous years.

[4] Includes payments under the *Supplementary Retirement Benefits Act* and various acts.

Public Service Superannuation Account

This account, established by the *Public Service Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by public service members up to March 31, 2000.

Table 6.17
Public Service Superannuation Account

(in dollars)

	2016–2017	2015–2016
Opening balance	95,566,249,001	95,875,945,459
Receipts and other credits		
Employee contributions		
Government employees	1,501,715	2,066,031
Retired employees	9,012,222	11,616,885
Public Service corporation employees	154,532	102,705
Employer contributions		
Government	8,770,006	11,189,841
Public Service corporations	126,595	61,360
Actuarial adjustment		681,000,000
Transfers from other pension funds	5,009	6,789
Interest	4,128,334,225	4,443,345,828
Total receipts and other credits	4,147,904,304	5,149,389,439
Subtotal	99,714,153,305	101,025,334,898
Payments and other charges		
Benefit payments		
Annuities	5,380,371,208	5,328,099,116
Minimum benefits	18,161,964	12,803,758
Pension division payments	26,427,720	22,922,806
Pension transfer value payments	20,129,143	29,994,197
Return of contributions		
Government employees	379,702	38,788
Public Service corporation employees	41,739	41,606
Transfers to other pension funds	4,093,957	5,416,461
Administrative expenses	55,274,322	59,769,165
Total payments and other charges	5,504,879,755	5,459,085,897
Closing balance	94,209,273,550	95,566,249,001

Public Service Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after April 1, 2000, under the *Public Service Superannuation Act*. An amount equal to contributions less benefits and other payments is transferred to the PSPIB for investment. The closing balance in this account represents the net cash position prior to the transfer to the PSPIB.

Table 6.18
Public Service Pension Fund Account

(in dollars)

	2016–2017	2015–2016
Opening balance	355,052,200	402,290,387
Receipts and other credits		
Employee contributions		
Government employees	1,919,728,160	1,773,737,501
Retired employees	45,599,636	41,559,748
Public Service corporation employees	189,381,592	168,640,289
Employer contributions		
Government	2,125,185,996	2,205,355,883
Public Service corporations	206,551,912	206,059,867
Actuarial adjustment	340,000,000	340,000,000
Transfers from other pension funds	28,481,630	33,350,235
Total receipts and other credits	4,854,928,926	4,768,703,523
Payments and other charges		
Benefit payments		
Annuities	1,779,822,584	1,558,724,353
Minimum benefits	12,206,438	12,641,148
Pension division payments	38,740,034	30,273,474
Pension transfer value payments	254,365,622	316,963,114
Return of contributions		
Government employees	7,973,419	10,507,898
Public Service corporation employees	3,960,135	4,837,063
Transfers to other pension funds	36,371,533	47,446,792
Administrative expenses	41,664,160	42,400,198
Total payments and other charges	2,175,103,925	2,023,794,040
Receipts and other credits less payments and other charges	2,679,825,001	2,744,909,483
Transfers to PSPIB	2,712,347,217	2,792,147,670
Closing balance	322,529,984	355,052,200

Canadian Forces Superannuation Account

This account, established by the *Canadian Forces Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by Canadian Armed Forces members up to March 31, 2000.

Table 6.19
Canadian Forces Superannuation Account

(in dollars)

	2016–2017	2015–2016
Opening balance	45,695,153,093	46,118,650,563
Receipts and other credits		
Contributions from personnel	2,495,966	2,618,412
Contributions by the Government	2,495,966	2,618,412
Interest	1,977,892,099	2,139,615,656
Other[1]	1,197,539	1,032,682
Total receipts and other credits	1,984,081,570	2,145,885,162
Subtotal	47,679,234,663	48,264,535,725
Payments and other charges		
Benefit payments		
Pensions and retiring allowances	2,416,264,910	2,506,191,226
Minimum benefits	214,999	151,581
Pension division payments	21,544,020	23,313,757
Pension transfer value payments	2,549,143	1,690,394
Return of contributions	462	1,669
Transfers to other pension funds		239,863
Administrative expenses	30,134,267	37,794,142
Total payments and other charges	2,470,707,801	2,569,382,632
Closing balance	45,208,526,862	45,695,153,093

[1] Includes returned annuity payments upon joining a Government pension plan.

Canadian Forces Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after April 1, 2000, in accordance with Part I of the *Canadian Forces Superannuation Act*. An amount equal to contributions less benefits and other payments is transferred to the PSPIB for investment. The closing balance in this account represents the net cash position prior to the transfer to the PSPIB.

Table 6.20
Canadian Forces Pension Fund Account

(in dollars)

	2016–2017	2015–2016
Opening balance	168,858,041	183,465,777
Receipts and other credits		
Contributions from personnel	470,440,531	450,157,686
Contributions by the Government	711,455,007	756,955,116
Actuarial adjustment	170,000,000	170,000,000
Transfers from other pension funds	35,740,250	83,887,837
Other[1]	177,292	390,497
Total receipts and other credits	1,387,813,080	1,461,391,136
Payments and other charges		
Benefit payments		
Pensions and retiring allowances	514,332,647	442,037,547
Minimum benefits	857,560	634,061
Pension division payments	25,013,839	23,871,536
Pension transfer value payments	160,121,474	133,358,475
Return of contributions	1,283,915	902,196
Transfers to other pension funds	500,975	1,310,261
Administrative expenses	21,821,366	24,572,429
Total payments and other charges	723,931,776	626,686,505
Receipts and other credits less payments and other charges	663,881,304	834,704,631
Transfers to PSPIB	659,149,235	849,312,367
Closing balance	173,590,110	168,858,041

[1] Includes unclaimed cheques.

Reserve Force Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after March 1, 2007, in accordance with Part I.1 of the *Canadian Forces Superannuation Act*. When the closing balance of this account is in a positive net cash position, an amount equal to contributions less benefits and other payments is usually transferred to the PSPIB for investment.

Table 6.21
Reserve Force Pension Fund Account

(in dollars)

	2016–2017	2015–2016
Opening balance	(51,192,066)	(2,551,843)
Receipts and other credits		
Contributions from personnel	19,402,652	27,843,256
Contributions by the Government	33,551,813	41,716,967
Actuarial adjustment	4,200,000	1,900,000
Other[1]	124	11,955
Total receipts and other credits	57,154,589	71,472,178
Payments and other charges		
Benefit payments		
Pensions and retiring allowances	6,948,606	6,061,830
Minimum benefits	14,560	110,167
Pension transfer value payments	14,890,399	13,529,206
Return of contributions	87,644	45,315
Transfer to other pension funds	35,740,545	83,889,742
Administrative expenses	11,296,087	16,476,141
Total payments and other charges	68,977,841	120,112,401
Receipts and other credits less payments and other charges	(11,823,252)	(48,640,223)
Transfers to PSPIB		
Closing balance	(63,015,318)	(51,192,066)

[1] Includes unclaimed cheques.

Royal Canadian Mounted Police Superannuation Account

This account, established by the *Royal Canadian Mounted Police Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by Royal Canadian Mounted Police members up to March 31, 2000.

Table 6.22
Royal Canadian Mounted Police Superannuation Account

(in dollars)

	2016–2017	2015–2016
Opening balance	13,154,521,368	13,197,207,777
Receipts and other credits		
Contributions from personnel (current services and arrears)	446,137	512,522
Contributions by the Government	401,884	466,488
Actuarial adjustment	234,000,000	12,000,000
Interest	569,395,397	613,018,941
Total receipts and other credits	804,243,418	625,997,951
Subtotal	13,958,764,786	13,823,205,728
Payments and other charges		
Benefit payments		
Annuities and allowances	667,750,533	650,137,646
Cash termination allowance and gratuities	1,273,743	
Pension division payments	7,662,725	10,561,426
Pension transfer value payments	1,661,895	1,296,063
Return of contributions	105,668	324,530
Transfers to other pension funds	45,325	
Administrative expenses	5,337,946	6,364,695
Total payments and other charges	683,837,835	668,684,360
Closing balance	13,274,926,951	13,154,521,368

Royal Canadian Mounted Police Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after April 1, 2000, under the *Royal Canadian Mounted Police Superannuation Act*. An amount equal to contributions less benefits and other payments is transferred to the PSPIB for investment. The closing balance in this account represents the net cash position prior to the transfer to the PSPIB.

Table 6.23
Royal Canadian Mounted Police Pension Fund Account

(in dollars)

	2016–2017	2015–2016
Opening balance	15,339,685	6,467,393
Receipts and other credits		
Contributions from personnel (current services and arrears)	194,793,172	187,351,388
Contributions by the Government	250,220,300	270,691,194
Actuarial adjustment	9,000,000	74,000,000
Transfers from other pension funds	9,200,923	8,723,354
Total receipts and other credits	463,214,395	540,765,936
Payments and other charges		
Benefit payments		
Annuities and allowances	164,537,097	140,259,560
Minimum benefits	1,279,240	133,539
Pension division payments	9,606,685	12,771,171
Pension transfer value payments	31,728,533	27,393,208
Return of contributions		
Personnel	195,894	4,317
Interest	41,444	355,247
Transfers to other pension funds	450,904	662,728
Administrative expenses	3,437,241	3,835,137
Total payments and other charges	211,277,038	185,414,907
Receipts and other credits less payments and other charges	251,937,357	355,351,029
Transfers to PSPIB	250,974,726	346,478,737
Closing balance	16,302,316	15,339,685

Members of Parliament Retiring Allowances Account

This account was established by the *Members of Parliament Retiring Allowances Act* to provide pension benefits to eligible Members of Parliament who contributed to the plan. "Member" means a Member of the Senate or the House of Commons. Benefits are also available to eligible surviving spouses or eligible dependent children of Members who served on or after a certain date and contributed under the Act.

Table 6.24
Members of Parliament Retiring Allowances Account

(in dollars)

	2016–2017	2015–2016
Opening balance	502,299,428	501,020,777
Receipts and other credits		
Members' contributions		
Current services	5,560,014	2,680,532
Arrears of principal, interest and mortality insurance	39,998	11,779
Government contributions (current services)	7,871,252	8,530,567
Interest	22,844,341	20,267,602
Total receipts and other credits	36,315,605	31,490,480
Subtotal	538,615,033	532,511,257
Payments and other charges		
Benefit payments		
Annual allowances	28,496,180	27,556,977
Pension division payments	405,062	571,436
Return of contributions		
Withdrawals	220,861	2,001,009
Interest	10,465	82,407
Total payments and other charges	29,132,568	30,211,829
Closing balance	509,482,465	502,299,428

Members of Parliament Retirement Compensation Arrangements Account

This account was established by the *Members of Parliament Retiring Allowances Act* to provide for benefits in respect of pension credits accrued by Members of Parliament which are not payable out of the Members of Parliament Retiring Allowances Account. Benefits are also available to eligible surviving spouses or eligible dependent children of Members.

Table 6.25
Members of Parliament Retirement Compensation Arrangements Account

(in dollars)

	2016–2017	2015–2016
Opening balance	248,634,683	237,813,956
Receipts and other credits		
Members' contributions		
Current services	6,569,923	4,939,343
Arrears of principal, interest and mortality insurance	80,213	22,821
Government contributions (current services)	10,948,854	14,516,972
Interest	11,471,139	9,922,095
Total receipts and other credits	29,070,129	29,401,231
Subtotal	277,704,812	267,215,187
Payments and other charges		
Benefit payments		
Annual allowances	15,499,009	14,291,992
Pension division payments	592,203	539,467
Return of contributions		
Withdrawals	327,501	3,289,508
Interest	12,709	109,969
Refundable tax	6,343,785	349,568
Total payments and other charges	22,775,207	18,580,504
Closing balance	254,929,605	248,634,683

Retirement Compensation Arrangements (RCA) Account

This account was established by the *Special Retirement Arrangements Act* to provide pension benefits for federal employees under retirement compensation arrangements.

The RCA Regulations, No. 1 (RCA No. 1) pays those pension benefits above the amount that may, in accordance with the *Income Tax Act* restrictions on registered pension plans, be paid under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*. The RCA No. 1 was created effective December 15, 1994.

The RCA Regulations, No. 2 (RCA No. 2) pays benefits to public service employees between the ages of 50 and 54, who were declared surplus as part of a three year Government downsizing initiative which ended on March 31, 1998. It pays the difference between an unreduced pension and the reduced pension for early retirement payable from the Public Service Superannuation Account. The RCA No. 2 was created effective April 1, 1995, and is funded entirely by the Government.

Table 6.26
Retirement Compensation Arrangements (RCA) Account

(in dollars)

	RCA No. 1						RCA No. 2			
	Public Service		Canadian Forces		Royal Canadian Mounted Police		Public Service		Total	
	2016–2017	2015–2016	2016–2017	2015–2016	2016–2017	2015–2016	2016–2017	2015–2016	2016–2017	2015–2016
Opening balance	1,163,127,305	1,104,326,126	392,099,834	373,530,812	33,541,785	33,159,245	807,056,879	708,848,795	2,395,825,803	2,219,864,978
Receipts and other credits										
Employee contributions										
Government employees	6,579,649	8,426,624	2,377,758	2,389,298	102,724	59,511			9,060,131	10,875,433
Retired employees	384,934	448,109			890	592			385,824	448,701
Public Service corporation employees	2,188,425	2,349,289							2,188,425	2,349,289
Employer contributions										
Government	44,338,063	60,783,610	25,331,352	26,464,154	425,361	290,768			70,094,776	87,538,532
Public Service corporations	13,569,038	16,570,859							13,569,038	16,570,859
Actuarial adjustment		12,000,000						129,000,000		141,000,000
Transfers from other pension funds	872	1,560							872	1,560
Refundable tax								21,937,738		21,937,738
Interest	51,842,117	53,426,014	17,658,754	18,043,320	1,473,820	1,558,394	34,240,959	32,077,055	105,215,650	105,104,783
Other[1]				1,691						1,691
	118,903,098	154,006,065	45,367,864	46,898,463	2,002,795	1,909,265	34,240,959	183,014,793	200,514,716	385,828,586
	1,282,030,403	1,258,332,191	437,467,698	420,429,275	35,544,580	35,068,510	841,297,838	891,863,588	2,596,340,519	2,605,693,564
Payments and other charges										
Benefit payments										
Annuities	40,723,826	35,959,883	6,949,254	6,151,861	1,055,007	1,018,178	84,823,287	84,806,709	133,551,374	127,936,631
Minimum benefits	161,842	181,518							161,842	181,518
Pension division payments	643,887	1,263,060	400,343	240,394		82,572			1,044,230	1,586,026
Pension transfer value payments	555,752	587,002	686,747	1,252,386	3,561	2,266			1,246,060	1,841,654
Return of contributions										
Government employees	15,601	11,141							15,601	11,141
Public Service corporation employees	11,540	9,896							11,540	9,896
Transfers to other pension funds	39,685	174,463		967		1,847			39,685	177,277
Refundable tax	46,632,558	57,017,923	20,213,265	20,683,833	489,382	421,862	38,952,365		106,287,570	78,123,618
	88,784,691	95,204,886	28,249,609	28,329,441	1,547,950	1,526,725	123,775,652	84,806,709	242,357,902	209,867,761
Closing balance	1,193,245,712	1,163,127,305	409,218,089	392,099,834	33,996,630	33,541,785	717,522,186	807,056,879	2,353,982,617	2,395,825,803

[1] Includes unclaimed cheques.

Supplementary Retirement Benefits Account

This account was established by the *Supplementary Retirement Benefits Act* to provide for pension benefit increases resulting from changes in the Consumer Price Index. The account continues to provide for increased pension benefits resulting from indexation for pensions of federally appointed judges, and recipients of pensions under various continuation acts and other related acts.

Table 6.27
Supplementary Retirement Benefits Account

(in dollars)

	Judges		Others[1]		Total	
	2016–2017	2015–2016	2016–2017	2015–2016	2016–2017	2015–2016
Opening balance	215,089,000	206,383,198	767,192	688,982	215,856,192	207,072,180
Receipts and other credits						
Employee contributions						
Government	3,557,590	3,576,318	38,524	49,217	3,596,114	3,625,535
Employer contributions						
Government	3,557,590	3,576,318	24,959	49,217	3,582,549	3,625,535
Interest	1,509,639	1,553,166	5,823	5,595	1,515,462	1,558,761
Total receipts and other credits	8,624,819	8,705,802	69,306	104,029	8,694,125	8,809,831
Subtotal	223,713,819	215,089,000	836,498	793,011	224,550,317	215,882,011
Payments and other charges						
Return of contributions	–	–	–	–	–	–
Annuities	–	–	20,721	25,819	20,721	25,819
Closing balance	223,713,819	215,089,000	815,777	767,192	224,529,596	215,856,192

[1] Includes lieutenant governors and other Governor in Council appointees.

Allowance for pension adjustments

This account records the accounting adjustments resulting from annual actuarial valuations of public sector pension plans sponsored by the Government.

Actuarial losses of $1,765 million ($1,290 million in 2016), due to plan experience and changes in actuarial assumptions, were recognized in this account and increased pension expenses for the year.

An amount of $757 million ($1,420 million in 2016) was recorded in this account to offset the amortization of deficiencies charged to the account during the year but already accounted for in previous year's expenses or in actuarial gains and losses.

An amount of $236 million was credited ($191 million credited in 2016) to this account and increased (increased in 2016) pension costs to adjust for the difference between the Government contributions and the net cost of benefits earned.

An amount of $26 million (nil in 2016) was recorded in this account and pension costs were reduced (not adjusted in 2016) for a past service cost reduction related to a curtailment.

An amount of $5,247 million ($4,439 million in 2016) was credited to this account to adjust for the difference between interest based on the accrued pension obligations and interest credited to the superannuation accounts. In addition, an amount of $5,221 million ($4,317 million in 2016) was debited to this account to record the expected return on the pension investments.

As well, a consolidation adjustment of $113 million ($56 million in 2016) was credited to this account and debited against personal tax revenues to eliminate the effect of internal transactions resulting from tax amounts debited to the RCA accounts that were previously recorded as tax revenues.

The unrecognized net actuarial loss of $11,136 million ($11,674 million in 2016) will be recognized in this account and will affect expenses in future years.

As a result of annual actuarial valuations for accounting purposes, the accrued pension obligations of $289,005 million ($276,119 million in 2016) less the pension assets of $126,153 million ($112,304 million in 2016) were found to be $6,367 million ($5,548 million in 2016) higher than the balance of the pension fund accounts of $449 million ($488 million in 2016) and the superannuation accounts of $156,036 million ($157,779 million in 2016). The excess or shortfall is made up of the following:

(in millions of dollars)

	(Shortfall) excess	
	2017	2016
Public Service Pension Plan		
Public Service Superannuation Account	(2,659)	(1,461)
Public Service Pension Fund	4,536	2,374
Retirement Compensation Arrangements	(1,855)	(1,691)
Total allowance for Public Service Pension Plan	22	(778)
Canadian Forces Pension Plan		
Canadian Forces Superannuation Account	(1,380)	(716)
Canadian Forces Pension Fund	(582)	(158)
Reserve Force Pension Fund	(107)	(78)
Retirement Compensation Arrangements	(361)	(314)
Total allowance for Canadian Forces Pension Plan	(2,430)	(1,266)
Royal Canadian Mounted Police Pension Plan		
Royal Canadian Mounted Police Superannuation Account	(421)	(424)
Royal Canadian Mounted Police Pension Fund	121	95
Retirement Compensation Arrangements	(26)	(22)
Total allowance for Canadian Mounted Police Pension Plan	(326)	(351)
Members of Parliament Pension Plan		
Members of Parliament Retiring Allowances	(28)	(5)
Retirement Compensation Arrangements	(276)	(259)
Total allowance for Members of Parliament Pension Plan	(304)	(264)
Pension plan for federally appointed judges	(3,329)	(2,889)
Total	(6,367)	(5,548)

Other employee and veteran future benefits

The Government and the consolidated Crown corporations and other entities sponsor different types of future benefit plans with varying terms and conditions. The benefits are available to employees and former employees (including military or Royal Canadian Mounted Police members) during or after employment, or upon retirement. Some are considered retirement benefits, whereby benefits are expected to be provided after retirement to employees and their beneficiaries or dependants. Others are considered post-employment benefits, whereby benefits are expected to be paid after employment but before retirement. Benefits for veterans are paid to war veterans, as well as to Canadian Forces retired veterans and Canadian Forces still-serving members. Benefits for members of the Royal Canadian Mounted Police are paid to both current and former members. These are primarily post-employment benefits, but some benefits are also paid during employment to still-serving members. They include disability and associated benefits paid to veterans or Royal Canadian Mounted Police members, or to their beneficiaries and dependants.

The other major future benefits include health care and dental benefits available to retired employees and retired military and Royal Canadian Mounted Police members, accumulated sick leave entitlements and post-employment benefits such as workers' compensation benefits and severance benefits that accumulate.

Table 6.28 presents the balance of these liabilities at year-end.

Table 6.28
Other employee and veteran future benefits

(in millions of dollars)

	April 1, 2016	Receipts and other credits	Payments and other charges	March 31, 2017
Veterans' disability and other future benefits	47,462	7,849	3,366	51,945
Royal Canadian Mounted Police disability and other future benefits	5,650	1,254	202	6,702
Public Service Health Care Plan	23,623	2,272	439	25,456
Pensioners' Dental Services Plan	3,442	404	99	3,747
Severance and other benefits	2,285	406	290	2,401
Accumulated sick leave entitlements	1,617	336	267	1,686
Workers' compensation	1,273	159	132	1,300
Consolidated Crown corporations and other entities	329	29	27	331
Total	85,681	12,709	4,822	93,568

All of the Government and almost all of the consolidated Crown corporations and other entities' sponsored plans are unfunded. The health care and the dental plans are contributory plans. Contributions by retired plan members are made to the plans to obtain coverage. Therefore the liabilities and costs are shown net of members' contributions. The accrued benefit obligations related to these plans is determined actuarially for accounting purposes. As at March 31, the recorded liabilities included the following components:

(in millions of dollars)

	2017					2016
	Accrued benefit obligations	Other future benefit assets	Unrecognized net actuarial (loss) gain	Benefits paid after measurement date up to March 31	Future benefit liabilities	Future benefit liabilities
Veterans' disability and other future benefits	78,474	–	(26,529)	–	51,945	47,462
Royal Canadian Mounted Police disability and other future benefits	11,451	–	(4,749)	–	6,702	5,650
Public Service Health Care Plan	29,233	–	(3,777)	–	25,456	23,623
Pensioners' Dental Services Plan	4,801	–	(1,054)	–	3,747	3,442
Severance and other benefits	2,437	–	(36)	–	2,401	2,285
Accumulated sick leave entitlements	1,737	–	(51)	–	1,686	1,617
Workers' compensation	1,418	–	(118)	–	1,300	1,273
Consolidated Crown corporations and other entities	329	(2)	6	(2)	331	329
Total	129,880	(2)	(36,308)	(2)	93,568	85,681

The cost of these benefits can accrue either during the service life of employees or upon occurrence of an event giving rise to the liability under the terms of the plans. An interest component is charged to expense based on the average accrued benefit obligation.

In 2017, amendments were made to veteran future benefits, thereby improving and expanding access for certain benefits. These include:

- the introduction of a new veterans' Education and Training Benefit;
- enhancements to the Career Transition Services Program;
- the replacement of the current Family Caregiver Relief Benefit with the Caregiver Recognition Benefit to provide a more generous monthly benefit payable directly to caregivers;
- the elimination of the one-year application time limit for survivors on the Rehabilitation and Vocational Assistance Program; and
- greater access to the Military Family Resource Centres for medically released veterans' families.

The amendments resulted in one-time past service costs of $353 million ($3,750 million in 2016). In 2017, with respect to the employee severance benefit plan, an amendment resulted in a one-time past service cost of $7 million (nil in 2016).

In 2011, the accumulation of severance benefits for voluntary departures ceased for certain employee groups. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. The curtailments this year resulted in a one-time past-service cost reduction of $48 million (nil in 2016) and the immediate recognition of a previously unrecognized net actuarial loss of $109 million ($2 million in 2016), representing the portion related to the obligation for employees subject to the curtailments.

In 2017, payments of $3 million ($63 million in 2016) were made to employees affected by the curtailments of severance benefits who opted to cash out the full or partial value of their accumulated benefits. The settlements did not result in the immediate recognition of a previously unrecognized net actuarial gain or loss (net actuarial loss of $28 million in 2016 representing the portion related to the obligation for employees subject to the settlements).

During the year, expenses relating to these benefits were as follows:

(in millions of dollars)

	2017							2016
	Benefits earned	Plan amendments	Plan curtailments	Actuarial losses (gains) recognized	Net benefit expense	Interest cost	Total	Total
Veterans' disability and other future benefits	2,908	353	—	3,001	6,262	1,587	7,849	10,049
Royal Canadian Mounted Police disability and other future benefits	544	—	—	468	1,012	242	1,254	1,050
Public Service Health Care Plan	1,187	—	—	394	1,581	691	2,272	1,827
Pensioners' Dental Services Plan	165	—	—	129	294	110	404	357
Severance and other benefits	127	7	(48)	200	286	72	358	328
Accumulated sick leave entitlements	289	—	—	7	296	40	336	311
Workers' compensation	110	—	—	17	127	32	159	279
Consolidated Crown corporations and other entities	20	—	—	(4)	16	9	25	26
Total	5,350	360	(48)	4,212	9,874	2,783	12,657	14,227

Other liabilities

Other liabilities include general liabilities established under the authority of section 64 of the *Financial Administration Act* as well as specified purpose accounts opened under the authority of section 21 of the *Financial Administration Act* or of other specific legislation. Specified purpose accounts are an accounting classification used to record transactions and expenditures in respect of money payable out of the Consolidated Revenue Fund under statutory authorities, pursuant to legislation, trusts, treaties, undertakings or contracts. Legislation relating to some of these accounts permits investments to be made and, in certain cases, the balances of the accounts earn interest.

Canada Pension Plan

The Canada Pension Plan (CPP) is a federal/provincial social insurance program established by an Act of Parliament in 1965. The CPP began operations in 1966. It is compulsory and in operation in all parts of Canada, except for the Province of Quebec. The objective of the program is to provide a measure of protection to workers and their families against the loss of earnings due to retirement, disability or death. The CPP is financed from employees, employers and self-employed workers contributions, as well as investment earnings. The CPP's investments are held and managed by the Canada Pension Plan Investment Board (CPPIB).

The CPP is administered by the Government of Canada and the participating provinces. As such, CPP's financial activities are not part of the Government of Canada's reporting entity because changes to the CPP require the agreement of two thirds of participating provinces and it is therefore not controlled by the Government.

The Minister of Families, Children and Social Development is responsible for the administration of the CPP under the *Canada Pension Plan* Act; the Minister of National Revenue is responsible for collecting contributions. The Minister of Finance and his provincial counterparts are responsible for setting CPP contribution rates, pension and benefit levels and funding policy. The CPPIB is responsible for managing the amounts that are being transferred under Section 108.1 of the *Canada Pension Plan* Act. It acts in the best interests of the beneficiaries and contributors under the Act.

As administrator of the CPP, the Government's authority to provide benefits is limited to the assets available for benefit payments of the CPP. At March 31, 2017, the fair value of the CPP's assets available for benefit payments is $320,895 million ($283,575 million in 2016).

The CPP Account (the Account) was established in the accounts of Canada pursuant to the *Canada Pension Plan* Act. The transactions of the CPP are recorded in the Account. CPP's revenues and expenses such as contributions, interests, investment income or loss from the CPPIB, pension benefits and operating expenses, are reported as increases and decreases to this liability. The Account also records the amounts transferred to or received from the CPPIB. The CPPIB operates at arm's length from the Government and invests in a diversified portfolio of securities.

The detailed revenues, expenses, assets and liabilities of the CPP financial activities are reported separately in the CPP consolidated financial statements. The CPP's deposit with the Receiver General for Canada of $106 million ($35 million in 2016) corresponds to the balance in the Account and is reported as the Government's liability to the CPP at March 31, 2017.

Table 6.29 presents a reconciliation between the assets available for benefit payments shown in the CPP's consolidated financial statements and the Account, as well as a summary of the balances and transactions in the Account which result in the deposit with the Receiver General for Canada.

Table 6.29
Due to Canada Pension Plan

(in dollars)

	April 1, 2016	Receipts and other credits	Payments and other charges	March 31, 2017
Canada Pension Plan balance per audited consolidated financial statements				
Assets available for benefit payments	283,574,900,517	81,329,534,055	44,008,969,695	320,895,464,877
Less:				
Receivables, net of liabilities	4,599,198,207	4,113,135,189	4,599,198,207	4,113,135,189
Accumulated net income from Canada Pension Plan Investment Board's operations	145,436,000,000	34,362,000,000	923,000,000	178,875,000,000
	133,539,702,310	*42,854,398,866*	*38,486,771,488*	*137,907,329,688*
Less: transfers to Canada Pension Plan Investment Board	133,504,973,575	35,219,787,735	39,516,636,261	137,801,822,101
Deposit with the Receiver General for Canada	34,728,735	78,074,186,601	78,003,407,749	105,507,587

Receipts and other credits include:

(a) contributions at the combined employer and employee rates of 9.9 per cent of pensionable earnings for the 2016 and 2017 calendar years, subject to maximum combined contributions of $5,089 and $5,128 respectively and contributions to the post-retirement benefit pension according to provisions of Bill C-51 of 2009;

(b) income from the average daily operating balance deposited with the Receiver General for Canada;

(c) gains on investments held by the CPPIB; and

(d) payments received on overpayments established.

Payments and other charges include:

(a) pensions and benefits paid under the CPP as retirement and post-retirement benefit pensions, survivors' benefits paid to spouse or common-law partner and orphans, or as lump sum death benefits, and disability benefits to eligible contributors and their children;

(b) pensions and benefits paid and recovered from the CPP, in accordance with an agreement with a province providing a comprehensive pension plan;

(c) payments that are required to be charged to the CPP, in accordance with reciprocal agreements with other countries;

(d) costs of administration of the CPP;

(e) funds transferred to the CPPIB; and

(f) losses on investments held by the CPPIB.

For additional information, the consolidated financial statements of the CPP are included with the supplementary statements at the end of this section. Additional information on the funding of CPP may also be obtained from the *27th and 28th Actuarial Report on the Canada Pension Plan* prepared by the Chief Actuary of the Office of the Superintendent of Financial Institutions.

Government Annuities Account

This account was established by the *Government Annuities Act*, and modified by the *Government Annuities Improvement Act*, which discontinued sales of annuities in 1975. The account is valued on an actuarial basis each year, with the deficit or surplus charged or credited to the Consolidated Revenue Fund.

The purpose of the *Government Annuities Act* was to assist Canadians to provide for their later years, by the purchase of Government annuities. The *Government Annuities Improvement Act* increased the rate of return and flexibility of Government annuity contracts.

Receipts and other credits consist of premiums received, funds reclaimed from the Consolidated Revenue Fund for previously untraceable annuitants, earned interest of 7 per cent calculated on the actuarial present value of accrued benefits and any credit needed to cover the actuarial deficit. Payments and other charges represent matured annuities, the commuted value of death benefits, premium refunds and withdrawals, and actuarial surpluses and unclaimed annuities transferred to non-tax revenues. The amounts of unclaimed annuities, related to untraceable annuitants, are transferred to non-tax revenues.

As of March 31, 2017, over 28,592 annuitants held 30,400 active contracts, each annuitant receiving an average payment of $667.75. During the year, 55 deferred annuities came into payment, one contract was converted into two contracts and another 13 deferred contracts were adjusted or terminated at or before maturity, due to death, small refunds or unclaimed funds. Therefore, as of March 31, 2017, there were 251 outstanding deferred annuities, the last of which will come into payment around the year 2030.

During the 2016–2017 fiscal year, the number of annuities decreased by 3,012 as a result of annuitant deaths and CRF transfers: 2,014 group certificates and 998 individual contracts. The average age at death for males was 88.70 while the female age at death averaged 91.37.

Table 6.1 shows the actuarial value of the Government Annuities Account estimated using prescribed mortality rates. The balance as at March 31, 2017 was $120.5 million; an excess amount of $638,190 was transferred to the Government's revenues.

However, in the financial statements of the Government Annuities Account, the actuarial value was estimated using experience-adjusted mortality rates. The amount was $114.3 million using this methodology. This amount is $6.2 million lower than what was the liability estimated using the mortality tables prescribed by regulations.

Deposit and trust accounts

Deposit and trust accounts are a group of liabilities representing the Government's financial obligations in its role as administrator of certain funds that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by negotiable securities, these are deducted from the corresponding accounts to show the Government's net liability. Certain accounts earn interest which is charged to interest on the public debt.

Table 6.30 presents a summary of the balances and transactions in deposit and trust accounts.

Table 6.30
Deposit and trust accounts

(in dollars)

	April 1, 2016	Receipts and other credits	Payments and other charges	March 31, 2017
Deposit accounts				
Agriculture and Agri-Food				
Department of Agriculture and Agri-Food				
Contractor security deposits—Certified cheques	112,426		21,460	90,966
Canadian Dairy Commission				
Canadian Dairy Commission Account		41,775,046	41,775,046	
Canadian Grain Commission				
Producer Payment Protection Claim Account	150,000		150,000	-
	262,426	*41,775,046*	*41,946,506*	*90,966*
Environment and Climate Change				
Department of the Environment				
Contractor security deposits—Cash and cheques	291,320	227,479	265,550	253,249
Parks Canada Agency				
Contractor security deposits—Cash	489,007	1,987,753	1,872,738	604,022
	780,327	*2,215,232*	*2,138,288*	*857,271*
Families, Children and Social Development				
Department of Employment and Social Development				
Canada Labour Code—Other	852,175	399,263	1,179,218	72,220
Canada Labour Code—Wage recovery request for review or appeal	1,710,384	367,650	582,810	1,495,224
	2,562,559	*766,913*	*1,762,028*	*1,567,444*
Finance				
Department of Finance				
Canada Development Investment Corporation				
Holdback—Privatization	21,651,436	97,105		21,748,541
Canada Hibernia Holding Corporation				
Abandonment Reserve Fund	97,935,129	439,232		98,374,361
Swap collateral deposit	127,532,340	131,671,872	164,732,812	94,471,400
	247,118,905	*132,208,209*	*164,732,812*	*214,594,302*
Fisheries, Oceans and the Canadian Coast Guard				
Department of Fisheries and Oceans				
Contractor security deposits—Cash	294,850	156,725	304,935	146,640
Guarantee deposits—Fish habitat preservation	285,000	264,849		549,849
	579,850	*421,574*	*304,935*	*696,489*
Health				
Department of Health				
Canadian Food Inspection Agency				
Contractor security deposits—Cash	73,672			73,672
Indigenous and Northern Affairs				
Department of Indian Affairs and Northern Development				
Field British Columbia and Yukon Operations of the Northern Canada Power Commission	992,587			992,587
Guarantee deposits	14,791,849	365,265	81,620	15,075,494
Guarantee deposits—Oil and gas	1,213,096		747,291	465,805
	16,997,532	*365,265*	*828,911*	*16,533,886*
Justice				
Department of Justice				
Courts Administration Service				
Security for costs	53,978	24,932	58,517	20,393
Registrar of the Supreme Court of Canada				
Security for costs	392,153	99	524	391,728
	446,131	*25,031*	*59,041*	*412,121*

Table 6.30
Deposit and trust accounts—*continued*

(in dollars)

	April 1, 2016	Receipts and other credits	Payments and other charges	March 31, 2017
National Defence				
Department of National Defence				
Contractor security deposits—Cash	3,498,227	7,762,948	7,377,563	3,883,612
National Revenue				
Canada Revenue Agency				
Guarantee deposits	190,019,260	44,633,301	29,252,270	205,400,291
Less: securities held in trust	40,000			40,000
	189,979,260	*44,633,301*	*29,252,270*	*205,360,291*
Natural Resources				
Department of Natural Resources				
Contractor security deposits—Cash	38,892	14,700	16,727	36,865
Guarantee deposits—Oil and gas	7,931,593	4,015,060	2,021,750	9,924,903
National Energy Board				
Guarantee Deposits		151,306		151,306
	7,970,485	*4,181,066*	*2,038,477*	*10,113,074*
Privy Council				
Privy Council Office				
Office of the Chief Electoral Officer				
Candidates' and committees' deposits—Election and referendum	750,000	40,000	637,000	153,000
Public Safety and Emergency Preparedness				
Canada Border Services Agency				
General security deposits	6,618,716	399,985		7,018,701
Guarantee deposits	11,680,094	951,190	3,891,553	8,739,731
Immigration Guarantee Fund	21,377,540	6,109,000	5,448,135	22,038,405
Temporary deposits received from importers	1,076,583	453,705	445,429	1,084,859
	40,752,933	*7,913,880*	*9,785,117*	*38,881,696*
Royal Canadian Mounted Police				
Contractor security deposits—Cash	94,295		19,321	74,974
	40,847,228	*7,913,880*	*9,804,438*	*38,956,670*
Public Services and Procurement				
Department of Public Works and Government Services				
Contractor security deposits—Cash	8,433,582	5,012,515	9,243,754	4,202,343
Deposits on disposals	1,157,364	1,595,395	2,536,689	216,070
Seized property—Cash	51,246,422	17,490,873	27,887,943	40,849,352
	60,837,368	*24,098,783*	*39,668,386*	*45,267,765*
Transport				
Department of Transport				
Contractor security deposits—Bonds		52,500		52,500
Less: securities held in trust			52,500	52,500
Contractor security deposits—Cash	296,853	3,868	86,805	213,916
	296,853	*56,368*	*139,305*	*213,916*
Total deposit accounts	573,000,823	266,463,616	300,689,960	538,774,479
Trust accounts				
Families, Children and Social Development				
Department of Employment and Social Development				
Indian Residential Schools Settlement Agreement				
Common experience payments	82,150,713	371,022	124,696	82,397,039
Indigenous and Northern Affairs				
Department of Indian Affairs and Northern Development				
Indian band funds				
Capital accounts, Table 6.31	528,655,659	53,015,338	116,252,281	465,418,716
Revenue accounts, Table 6.32	181,638,666	59,925,368	61,904,082	179,659,952
	710,294,325	*112,940,706*	*178,156,363*	*645,078,668*
Indian estate accounts	25,815,533	7,320,456	6,721,556	26,414,433
Indian savings accounts	30,699,225	4,220,956	5,204,751	29,715,430
	766,809,083	*124,482,118*	*190,082,670*	*701,208,531*
Innovation, Science and Economic Development				
Department of Industry				
Restitutions under the *Competition Act*	4,293	60		4,353

Table 6.30
Deposit and trust accounts—*concluded*

(in dollars)

	April 1, 2016	Receipts and other credits	Payments and other charges	March 31, 2017
National Defence				
Department of National Defence				
Estates – Armed services	774,269	925,073	1,232,998	466,344
Public Safety and Emergency Preparedness				
Department of Public Safety and Emergency Preparedness				
Canadian Security Intelligence Service				
Scholastic awards	26,421	119		26,540
Correctional Service of Canada				
Inmates' Trust Fund	18,235,978	41,826,802	41,163,568	18,899,212
Royal Canadian Mounted Police				
Benefit Trust Fund	2,159,168	278,000	133,491	2,303,677
	20,421,567	*42,104,921*	*41,297,059*	*21,229,429*
Veterans Affairs				
Department of Veterans Affairs				
Administered accounts	179,332	48,875	33,010	195,197
Estates Fund	263,830	66	249,254	14,642
Veterans Administration and Welfare Trust Fund	1,067,387	277,938	539,541	805,784
	1,510,549	*326,879*	*821,805*	*1,015,623*
Total trust accounts	871,670,474	168,210,073	233,559,228	806,321,319
Total deposit and trust accounts	1,444,671,297	434,673,689	534,249,188	1,345,095,798

Contractor security deposits—Certified cheques—Department of Agriculture and Agri-Food

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Canadian Dairy Commission Account

The Canadian Dairy Commission is a Crown corporation listed in Part I of Schedule III of the *Financial Administration Act*. This account was established for banking purposes using the Consolidated Revenue Fund pursuant to section 15 of the *Canadian Dairy Commission Act*.

Producer Payment Protection Claim Account

This account was established to coordinate receipt of security (bond, letter of credit, insurance) funds and disbursement to eligible producer claims as determined by the Canadian Grain Commission's Producer Protection Program under sections 45 and 49 of the *Canada Grain Act* and the Canada Grain Regulations. These funds are held in trust for eligible producers until disbursed.

Contractor security deposits—Cash and cheques—Department of the Environment

This account was established for the management of deposits of money belonging to third parties.

Contractor security deposits—Cash—Parks Canada Agency

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Securities held in trust by the Canada Revenue Agency are made up of cash deposited to the Consolidated Revenue Fund.

Canada Labour Code—Other

This account was established to record amounts received under the provisions of section 251 of the Canada Labour Code Part III. The receipts are payment of wages or other amounts prescribed under the Code that a Labour inspector determined to be owed following a complaint or an inspection. Employers can pay the amount owed to the Minister of Employment, Workforce Development and Labour instead of paying them directly to the employee. These amounts are then paid out to the employees.

Canada Labour Code—Wage recovery request for review or appeal

This account was established to record amounts following the issuance of a payment order under section 251.1 of the Canada Labour Code Part III. This account contains amounts that were remitted by an employer or a director who request a review or an appeal of a payment order issued by a Labour Program inspector regarding wages or amounts that are owed to employees. One of the conditions to allow for a review or an appeal is that the employer or director must pay the amounts indicated in the payment order to the Minister of Employment, Workforce Development and Labour for deposit. This amount is held until the revision or the appeal is completed after which it will be remitted to the employee, the employer, the director or both where applicable. The deposits in this account are interest-bearing at the rate set by the Minister of Finance for contractor's deposits.

Holdback—Privatization—Canada Development Investment Corporation

This account was established pursuant to subsection 129(1) of the *Financial Administration Act*. This special purpose money is to be used to meet costs incurred on the sale of Crown corporations and demand for payment by purchasers pursuant to the acquisition agreement and costs incurred by the Canada Development Investment Corporation in connection with their sale.

Abandonment Reserve Fund—Canada Hibernia Holding Corporation

This account was established to record funds which will be used to defray the future abandonment costs that will occur at the closure of the Hibernia field.

Swap collateral deposit

This account was established to record cash received as credit support under a collateral agreement with financial institutions.

An amount of $58 million US is held in this account at year end.

Contractor security deposits—Cash—Department of Fisheries and Oceans

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Guarantee deposits—Fish habitat preservation

This account was established to record cash and securities deposited as guarantees for preservation of fish habitat as required by permits, leases or authorizations, pursuant to Section 35 of the *Fisheries Act*. Interest is not allowed on cash deposits.

Contractor security deposits—Cash—Canadian Food Inspection Agency

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Field British Columbia and Yukon Operations of the Northern Canada Power Commission

This account was established to record amounts deposited by the Northern Canada Power Commission to reimburse liabilities pertaining to Field, British Columbia and Yukon Operations of the Northern Canada Power Commission.

Guarantee deposits—Department of Indian Affairs and Northern Development

This account was established to record cash and securities deposited as guarantees for performance as required by permits, leases, authorizations and water licences, pursuant to section 8 of the *Arctic Waters Pollution Prevention Act* and of the *Northwest Territories Waters Act* and various regulations under the *Territorial Lands Act* and the *Mackenzie Valley Resource Management Act*. Interest is not allowed on cash deposits.

Guarantee deposits—Oil and gas—Department of Indian Affairs and Northern Development

This account was established to record securities in the form of cash, letters of credit or other acceptable instruments which are required to be issued to, and held by the Government of Canada pursuant to an interest issued in accordance with the *Canada Petroleum Resources Act*. These securities are a performance guarantee or refundable rental that the agreed exploration work will be performed in the manner and time frame specified. Interest is not paid on these deposits.

Security for costs—Courts Administration Service

This account was established to maintain accounts on behalf of litigants before the Tax Court of Canada. These accounts record the funds paid into the Tax Court of Canada, pursuant to an order of the Court, rules of the Court or statutes, to be held pending payment of such funds, in accordance with an order/judgment of the Court.

Security for costs—Registrar of the Supreme Court of Canada

This account was established to record security to the value of $500 deposited by an Appellant with the Registrar of the Supreme Court of Canada in accordance with paragraph 60(1)*(b)* of the *Supreme Court Act*. As per section 87 of the Rules of the Supreme Court of Canada, interest is paid on money deposited as security.

Contractor security deposits—Cash—Department of National Defence

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Guarantee deposits—Canada Revenue Agency

This account was established to record cash securities required to guarantee payment of goods and services tax/harmonized sales tax (GST/HST) as it relates to non-resident registrants and, certain licensees as it relates to excise taxes, which are both payable pursuant to the *Excise Tax Act*.

Securities held in trust by the Canada Revenue Agency are made up of cash deposited to the Consolidated Revenue Fund.

Contractor security deposits—Cash—Department of Natural Resources

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Guarantee deposits—Oil and gas—Department of Natural Resources

This account was established to record securities in the form of cash, which are required to be issued to, and held by the Government of Canada pursuant to an Exploration Licence in accordance with section 24 of the *Canada Petroleum Resources Act*. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

Guarantee Deposits—National Energy Board

Under Bill 46 of the *Pipeline Safety Act*, the National Energy Board (NEB) requested to set up a specified purpose account to maintain funds or security that the NEB considered necessary for pipeline abandonment costs and expenses. The NEB received a total of $151,306 in guarantee deposits for pipeline abandonment in fiscal year 2016–2017.

Candidates' and committees' deposits— Election and referendum

This account was established to record candidates' election and committees' referendum deposits received in respect of an election (general or by-election) or a referendum.

Pursuant to the *Canada Elections Act* or the *Referendum Act*, amounts received are either refunded to candidates or committees, or are transferred to non-tax revenues.

General security deposits

This account was established to record general security deposits from transportation companies in accordance with section 148 of the *Immigration and Refugee Protection Act*.

Guarantee deposits—Canada Border Services Agency

This account was established to record cash required to guarantee payment of customs duties on imported goods pursuant to the *Customs Act*.

Immigration Guarantee Fund

This account was established to record amounts collected and held pending final disposition, either by refund to the original depositor, or forfeiture to the Crown pursuant to sections 14, 26, 44, 56, 58 and 148 of the *Immigration and Refugee Protection Act*.

Temporary deposits received from importers

This account was established to record temporary security deposits received from importers to ensure compliance with various (Customs) regulations regarding temporary entry of goods.

Contractor security deposits—Cash—Royal Canadian Mounted Police

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Contractor security deposits—Cash—Department of Public Works and Government Services

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Deposits on disposals

This account was established to report transactions associated to deposits on disposals for the Department of Public Works and Government Services (PWGSC), security deposits and revenues of leased space belonging to PWGSC.

Seized property—Cash

This account was established pursuant to the *Seized Property Management Act*, to record seized cash. These funds will be deposited to the Consolidated Revenue Fund and credited to the account until returned to the owner or forfeited.

Contractor security deposits—Bonds—Department of Transport

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Contractor security deposits—Cash—Department of Transport

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Indian Residential Schools Settlement Agreement—Common experience payments

This account was established pursuant to section 21 of the *Financial Administration Act*, to record amounts received and paid under article 5 of the Indian Residential Schools Settlement Agreement. It was established on September 19, 2007, and provides for the payment of Common Experience Payments (CEP) to eligible former students of recognized Indian Residential Schools and personal credits for educational programs and services to CEP recipients or to certain family members. The account is credited with interest pursuant to section 21(2) of the *Financial Administration Act*. The Designated Amount Fund is co-administered by the Trustee, the Government of Canada, represented jointly by the Minister of Families, Children and Social Development and the Minister of Indigenous and Northern Affairs.

Indian band funds

This account was established to record funds belonging to Indian bands throughout Canada pursuant to sections 61 to 69 of the *Indian Act*.

Table 6.31
Indian band funds—Capital accounts

(in dollars)

	2016–2017	2015–2016
Opening balance	528,655,659	648,634,230
Receipts and other credits		
Claim settlements		67,700
Gas royalties	24,964,883	24,063,581
Oil royalties	22,427,692	28,512,130
Sundries	5,622,763	285,752,474
	53,015,338	338,395,885
	581,670,997	987,030,115
Payments and other charges		
Per capita cash distribution	12,101,340	11,667,658
Transfer pursuant to section 64 of the *Indian Act*	104,150,941	446,208,886
Sundries		497,912
	116,252,281	458,374,456
Closing balance	465,418,716	528,655,659

Table 6.32
Indian band funds—Revenue accounts

(in dollars)

	2016–2017	2015–2016
Opening balance	181,638,666	186,063,434
Receipts and other credits		
Court award and settlements	27,977	6,000
Government interest	13,550,920	17,530,785
Land and other claim settlements	150,000	1,182,300
Sundries	46,196,471	46,748,450
	59,925,368	65,467,535
	241,564,034	251,530,969
Payments and other charges		
Per capita cash distribution	18,520	8,040
Transfer pursuant to section 69 of the *Indian Act*	50,881,925	62,733,228
Sundries	11,003,637	7,151,035
	61,904,082	69,892,303
Closing balance	179,659,952	181,638,666

Indian estate accounts

These accounts were established to record funds received and disbursed for estates of deceased Indians, dependent adult Indians and missing Indians pursuant to sections 42 to 51 of the *Indian Act*.

Indian savings accounts

These accounts were established to record funds received and disbursed for individual Indians pursuant to sections 52 to 52.5 of the *Indian Act*.

Restitutions under the *Competition Act*

This account was established to facilitate judgements rendered under section 52 of the *Competition Act*, and account for funds received in trust for restitution and for subsequent payment.

Estates—Armed services

This account was established to record payments made to settle the service estates of officers and non-commissioned members who die during their service in the Canadian Armed Forces in accordance with section 42 of the *National Defence Act*. Under the administration of the Judge Advocate General, in his capacity as Director of Estates, the net assets of a deceased member's service estates are distributed to the legal representative of the member's estate.

Scholastic awards

This account was established to record donations of $26,000 to be used for the presentation of scholarship awards to children of employees of the Canadian Security Intelligence Service to encourage university studies.

Inmates' Trust Fund

Pursuant to section 111 of the Corrections and Conditional Release Regulations, this account is credited with all moneys brought into the institution by an inmate on admission or readmission, and all moneys that are received on the inmate's behalf while in custody, including, monetary gifts from a third party, payments for program participation, pay earned while on work release or conditional release in the community, moneys received from a third party for work performed in an institution or a Correctional Service of Canada approved inmate operated business enterprise, sale of hobby craft or custom work, a payment, allowance or income paid by either a private or government source. Deductions may be made from this account for issues such as debts to the Crown, the Inmate Welfare Fund, canteen expenditures, telephone calls, payments to assist in the rehabilitation of the inmate, and any other payments for which the inmate is liable.

Benefit Trust Fund

This account was established by section 23 of the *Royal Canadian Mounted Police Act*, to record funds received by personnel of the Royal Canadian Mounted Police (RCMP), in connection with the performance of duties, over and above their pay and allowances, as well as forfeitures of pay. The money paid to the Benefit Trust Fund is used for the benefit of RCMP members, former members and their dependants; use of the funds is governed by the Royal Canadian Mounted Police Regulations.

Administered accounts

Pursuant to section 41 of the *Pension Act*, section 15 of the *War Veterans Allowance Act*, section 55 of the Veterans Treatment Regulations and section 8 of the Guardianship of Veterans Property Regulations, these accounts are under the jurisdiction of the Department of Veterans Affairs. Funds held in these accounts include: *(a)* pensions, war veterans allowances and treatment allowances placed under the administration of the Department of Veterans Affairs; and *(b)* benefits from other sources such as Old Age Security, Guaranteed Income Supplement or Canada Pension Plan, placed under administration with the consent of the client. These persons have demonstrated their inability to manage their own affairs.

Payments are made out of the accounts, to provide food, shelter, clothing, comforts and other necessities.

Estates Fund

This account was established to record the proceeds from the estates of those veterans who died while receiving hospital treatment or institutional care, and for those veterans whose funds had been administered by the Government, in accordance with sections 5, 6 and 7 of the Veterans' Estates Regulations. Individual accounts are maintained and payments are made to beneficiaries pursuant to the appropriate legislative authority.

Veterans Administration and Welfare Trust Fund

This account was established to record donations, legacies, gifts, bequests, etc., received, to be disbursed for the benefit of veterans or their dependants under certain conditions, and for the benefit of patients in institutions, in accordance with section 9 of the Guardianship of Veterans' Property Regulations.

Other specified purpose accounts

There are a number of other specified purpose accounts operated by the Government, such as insurance, death benefit and pension accounts. Certain accounts earn interest which is charged to interest on the public debt.

Table 6.33 presents a summary of the balances and transactions for all other specified purpose accounts.

Table 6.33
Other specified purpose accounts

(in dollars)

	April 1, 2016	Receipts and other credits	Payments and other charges	March 31, 2017
Insurance and death benefit accounts				
Families, Children and Social Development				
Department of Employment and Social Development				
Civil Service Insurance Fund	2,578,130	201	802,401	1,775,930
National Defence				
Department of National Defence				
Regular Force Death Benefit Account, Table 6.34	185,451,694	29,416,416	25,368,028	189,500,082
Treasury Board				
Treasury Board Secretariat				
Public Service Death Benefit Account, Table 6.35	3,526,551,938	270,544,240	170,188,781	3,626,907,397
Veterans Affairs				
Department of Veterans Affairs				
Returned Soldiers' Insurance Fund	6,318	759	1,052	6,025
Veterans' Insurance Fund	1,551,441	42,398	295,605	1,298,234
	1,557,759	*43,157*	*296,657*	*1,304,259*
Total insurance and death benefit accounts	3,716,139,521	300,004,014	196,655,867	3,819,487,668
Pension accounts				
Global Affairs				
Department of Foreign Affairs, Trade and Development				
Contributory Pension Account – Locally engaged staff	112,054		29,979	82,075
Public Safety and Emergency Preparedness				
Department of Public Safety and Emergency Preparedness				
Royal Canadian Mounted Police				
Dependants' Pension Fund	17,672,930	741,324	2,622,280	15,791,974
Total pension accounts	17,784,984	741,324	2,652,259	15,874,049
Other accounts				
Agriculture and Agri-Food				
Department of Agriculture and Agri-Food				
AgriInvest Program	4,858,789	257,150,834	256,580,341	5,429,282
AgriStability Program	49,669,981	39,566,490	41,482,419	47,754,052
Foreign missions to advance Canadian agriculture	50,542	334,595	320,824	64,313
	54,579,312	*297,051,919*	*298,383,584*	*53,247,647*
Canadian Heritage				
Department of Canadian Heritage				
Miscellaneous projects deposits	114,170	708,536	525,105	297,601
Shared-cost/joint project agreements	181,600			181,600
Library and Archives of Canada				
Special Operating Account	166,255	39,698	8,331	197,622
Telefilm Canada				
Advance Account	57,149,796	19,738,942	15,179,512	61,709,226
	57,611,821	*20,487,176*	*15,712,948*	*62,386,049*
Environment and Climate Change				
Department of the Environment				
Parks Canada Agency				
Miscellaneous projects deposits	4,238,600	5,207,554	5,159,863	4,286,291
Families, Children and Social Development				
Department of Employment and Social Development				
Federal/provincial collaborative agreement	507	101,053,878	101,054,128	257
Federal/provincial shared-cost project	378,746	99,794	49,849	428,691
Federal/provincial/territorial shared-cost project				
Interprovincial Computerized Examination Management System (ICEMS)	4,207,196	1,157,339	3,013,416	2,351,119
Labour Standards Suspense Account	1,570,780	79,103	21,600	1,628,283
	6,157,229	*102,390,114*	*104,138,993*	*4,408,350*

Table 6.33
Other specified purpose accounts—*continued*

(in dollars)

	April 1, 2016	Receipts and other credits	Payments and other charges	March 31, 2017
Finance				
Department of Finance				
Common school funds—Ontario and Quebec	2,677,771			2,677,771
Foreign Claims Fund	179,020			179,020
War Claims Fund—World War II	4,236			4,236
	2,861,027			*2,861,027*
Fisheries, Oceans and the Canadian Coast Guard				
Department of Fisheries and Oceans				
Federal/provincial cost-sharing agreements	214,302	250,926	355,970	109,258
Miscellaneous projects deposits	20,889,491	9,911,615	9,194,735	21,606,371
Sales of seized assets	1,329,226	827,376	404,249	1,752,353
	22,433,019	*10,989,917*	*9,954,954*	*23,467,982*
Global Affairs				
Department of Foreign Affairs, Trade and Development				
Canada Foundation Account	383,188	7,632		390,820
Less:				
Deposits in a special bank account	12,263	5,966		6,297
Securities held in trust	370,925		13,598	384,523
		13,598	*13,598*	
Financial assistance to Canadians abroad	195,388	740,031	850,561	84,858
Funds from non-governmental organizations	2,009,635	33,368,639	32,984,874	2,393,400
Shared-cost projects	9,795,915	7,374,250	6,571,873	10,598,292
Shared-cost projects—Support to various programs	3,817,407	1,295,220	4,882,122	230,505
	15,818,345	*42,791,738*	*45,303,028*	*13,307,055*
Health				
Department of Health				
Collaborative research projects	3,112,501	611,476	628,956	3,095,021
Miscellaneous federal/provincial projects	1,572,180	345,580	258,052	1,659,708
World Health Organization	106,133			106,133
Canadian Food Inspection Agency				
Shared-cost agreements	1,111,558	662,386	604,286	1,169,658
Public Health Agency of Canada				
Collaborative research projects	824,785	422,308	511,638	735,455
Miscellaneous federal/provincial projects	973,197		327	972,870
	7,700,354	*2,041,750*	*2,003,259*	*7,738,845*
Immigration, Refugees and Citizenship				
Department of Citizenship and Immigration				
Immigrant Investor Program	23,363,720	614,624,280	578,788,000	59,200,000
Indigenous and Northern Affairs				
Department of Indian Affairs and Northern Development				
Indian band funds				
Shares and certificates	20,000			20,000
Less: securities held in trust	20,000			20,000
Indian Moneys Suspense Account	43,042,581	15,588,253	13,566,206	45,064,628
Indian special accounts	418,349	6,625		424,974
Non-Indian moneys		268,351	242,879	25,472
	43,460,930	*15,863,229*	*13,809,085*	*45,515,074*
Innovation, Science and Economic Development				
Department of Industry				
Income from securities in trust—*Bankruptcy and Insolvency Act*	52,031			52,031
Petro-Canada Enterprises Inc.—Unclaimed shares	687,348		481	686,867
Shared-cost projects	1,581,990	571,301	303,939	1,849,352
Unclaimed dividends and undistributed assets				
Bankruptcy and Insolvency Act	28,455,893	2,488,893	424,441	30,520,345
Canada Business Corporations Act	7,704,489	3,202,829	2,660,971	8,246,347
Winding-up and Restructuring Act	4,917,272		620	4,916,652
Atlantic Canada Opportunities Agency				
Federal/Provincial agreement—Advance account	149,588	480,000	344,131	285,457
Federal Economic Development Agency for Southern Ontario				
Canada/Provinces Service Agreement		121,000	82,360	38,640
Statistics Canada				
Project deposits	382,196	111,742,550	111,211,578	913,168
	43,930,807	*118,606,573*	*115,028,521*	*47,508,859*

Table 6.33
Other specified purpose accounts—*concluded*

(in dollars)

	April 1, 2016	Receipts and other credits	Payments and other charges	March 31, 2017
Justice				
Department of Justice				
Courts Administration Service				
Special Account	6,991,808	2,216,235	3,615,404	5,592,639
National Defence				
Department of National Defence				
Foreign governments—United Kingdom				
British Army—Suffield, Alberta	1,269,109			1,269,109
Joint research and development projects	3,421,547	515,142	654,771	3,281,918
Non-government agencies	3,000,557	1,530,403	1,929,019	2,601,941
Communications Security Establishment				
Foreign partners—Security	997,620		611,478	386,142
	8,688,833	*2,045,545*	*3,195,268*	*7,539,110*
National Revenue				
Canada Revenue Agency				
Deposits/Disbursements—Workers' Compensation Board	601,662	271,674,645	272,229,351	46,956
Natural Resources				
Department of Natural Resources				
Market development incentive payments—Alberta	1,787,313		231,303	1,556,010
Newfoundland Offshore Revenue Account		421,794,533	421,794,533	
Nova Scotia Offshore Revenue Account		12,122,857	12,122,857	
Shared-cost agreements—Research	4,647,682	2,111,414	2,148,316	4,610,780
Shared-cost projects	181,535	1,127,043	1,020,765	287,813
Canadian Nuclear Safety Commission				
Security equipment purchases	5,783		5,783	
	6,622,313	*437,155,847*	*437,323,557*	*6,454,603*
Office of the Governor General's Secretary				
Cost-sharing collaborate agreement	1,377	98,428	98,178	1,627
Privy Council				
Privy Council Office				
Shared-cost projects—Media travel expenses	85,991	607,881	554,087	139,785
Public Safety and Emergency Preparedness				
Royal Canadian Mounted Police				
Joint research and development projects	951,499	22,004	43,178	930,325
Public Services and Procurement				
Department of Public Works and Government Services				
Military purchases excess funds deposit	169,368,554		33,027,277	136,341,277
Less: securities held in trust	169,368,554	33,027,277		136,341,277
		33,027,277	*33,027,277*	
Transport				
Department of Transport				
Shared-cost agreements—Remediation projects	5,740,000		5,740,000	
Veterans Affairs				
Department of Veterans Affairs				
Shared-cost agreements	661		661	
Total	311,839,308	1,976,902,112	1,944,109,196	344,632,224
Less: consolidation adjustment[1]	57,149,796	4,559,430		61,709,226
Total other accounts	254,689,512	1,972,342,682	1,944,109,196	282,922,998
Total other specified purpose accounts	3,988,614,017	2,273,088,020	2,143,417,322	4,118,284,715

[1] Additional information on consolidated Crown corporations and other entities is provided in Section 4 of this volume.

Civil Service Insurance Fund

This account was established by the *Civil Service Insurance Act*, introduced to enable the Minister of Finance to contract with a person appointed to a permanent position in any branch of the public service, for the payment of certain death benefits. No new contracts have been entered into since 1954, when the Supplementary Death Benefit Plan for the Public Service and Canadian Forces was introduced as part of the *Public Service Superannuation Act* and the *Canadian Forces Superannuation Act*, respectively.

The number of policies in force as at March 31, 2017, was 196 and the average age of the policyholders was 92.9 years. During the year, premiums of $201 were received. Death benefits, settlement annuities and premium refunds of $674,628 were paid during 2016–2017.

According to the actuarial valuation and with the prescribed actuarial assumptions, the liabilities in respect of the benefits provided under the Act are estimated at $1,775,930 as at March 31, 2017. The balance in the Account as at March 31, 2017, is $1,903,703. The surplus as at March 31, 2017, is therefore $127,773. Pursuant to subsection 16(3) of the Civil Service Insurance Regulations, an amount of $127,773 has therefore been debited to the Account in 2016–2017.

Regular Force Death Benefit Account

This account was established by the *Canadian Armed Forces Superannuation Act* to provide life insurance to contributing members and former members of the Canadian Armed Forces. Receipts and other credits consist of: *(a)* contributions by participants; *(b)* Government's contribution paid in respect of participants; *(c)* single premiums payable by the Government in respect of participants who became entitled to a basic benefit of $5,000 without contribution; and *(d)* interest.

Payments and other charges consist of: *(a)* benefits paid in respect of participants; *(b)* benefits paid in respect of elective; and *(c)* the portion of benefits payable for which the Government has paid a single premium.

Table 6.34
Regular Force Death Benefit Account

(in dollars)

	2016–2017	2015–2016
Opening balance	185,451,694	187,511,126
Receipts and other credits		
Employee contributions	18,001,325	17,680,864
Employer contributions		
Government		
General	2,594,165	1,928,531
Single premiums payable by the Government in respect of Regular Force participants who became entitled to a basic benefit of $5,000 without contribution	687,229	243,349
Interest	8,133,697	8,670,656
Total receipts and other credits	29,416,416	28,523,400
Subtotal	214,868,110	216,034,526
Payments and other charges		
Benefit payments		
Benefits paid in respect of participants who, at the time of death, were members of the Regular Force, or who were elective Regular Force participants	25,368,028	30,582,832
Closing balance	189,500,082	185,451,694

Public Service Death Benefit Account

This account was established under the *Public Service Superannuation Act* to provide life insurance to contributing members of the Public Service.

The account is credited with: *(a)* contributions by employees; *(b)* contributions by the Government and Public Service corporations; and *(c)* interest. Payments and other charges represent: *(a)* benefits paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*; and *(b)* benefits of $10,000 paid in respect of participants who, at the time of death, were employed in the Public Service or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*, and on whose behalf, a single premium for $10,000 death benefit coverage for life has been made.

Table 6.35
Public Service Death Benefit Account

(in dollars)

	2016–2017	2015–2016
Opening balance	3,526,551,938	3,424,084,798
Receipts and other credits		
Employee contributions		
Active members		
Public service employees	68,818,377	69,915,445
Public service corporations	5,582,054	5,378,959
Retired employees	25,787,083	25,035,477
Employer contributions		
Public service corporations	1,469,385	1,427,565
Death benefit – general	11,050,681	10,859,808
Death benefit – single premium for $10,000	2,990,295	2,936,566
Interest	154,846,365	160,841,600
Total receipts and other credits	270,544,240	276,395,420
Subtotal	3,797,096,178	3,700,480,218
Payments and other charges		
Benefit payments		
General	132,418,038	130,008,537
Life coverage for $10,000	37,580,606	43,610,580
Other death benefit payments	190,137	309,163
Total payments and other charges	170,188,781	173,928,280
Closing balance	3,626,907,397	3,526,551,938

Returned Soldiers' Insurance Fund

This fund was established by the *Returned Soldiers' Insurance Act* to provide life insurance to contributing veterans of World War I. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 2016, of $759 was credited to the account during the year and was charged to expenditures. The final date on which application for this insurance could have been received was August 31, 1933.

Veterans' Insurance Fund

This fund was established by the *Veterans Insurance Act* to provide life insurance to contributing veterans of World War II. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 2016, of $42,398 was credited to the account during the year and was charged to expenditures. The final date on which application for this insurance could have been received was October 31, 1968.

Contributory Pension Account—Locally engaged staff

This account was established to record benefits paid to locally engaged staff hired prior to March 1, 2009, at the Canadian High Commission in Guyana upon termination of their employment. The specified purpose account was established following the liquidation of CLICO Life and General Insurance Company (South America) Limited.

Dependants' Pension Fund

This fund, which pertains to Part IV of the *Royal Canadian Mounted Police Pension Continuation Act*, provides pension benefits to certain widows and other dependants of Constables of the Royal Canadian Mounted Police, who purchased pension benefits between October 1, 1934, and March 1, 1949. There are no longer any active members amongst the contributors.

AgriInvest Program

The AgriInvest Program is a savings account designed to help producers cover small margin declines.

The AgriInvest Program is cost-shared with provinces and territories on a 60/40 basis. The provinces and territories are invoiced for their share of the contributions, which are held in the specified purpose accounts until they are applied and transferred to the producer accounts. The funds in the producer's specified purpose accounts are then drawn down as the funds are transferred to a financial institution of the producer's choice.

Starting with the 2009 program year, producers are required to make their AgriInvest deposits at a financial institution of their choice and any funds which were previously held by the federal government will be transferred to the new accounts.

AgriStability Program

The AgriStability Program is designed to cover larger margin declines caused by circumstances such as low prices, production losses, and rising input costs.

The AgriStability Program is cost-shared with provinces and territories on a 60/40 basis. Producers are charged a fee in order to participate in the program, which covers a portion of the program expenditure. The provinces and territories as well as producers are invoiced for their share of the contributions, which are held in the specified purpose accounts. These funds are drawn down as applications are processed and benefits are paid out.

Foreign missions to advance Canadian agriculture

This account records deposits made by Canadian agri-food industry organizations towards the costs of hosting incoming government-to-government foreign missions that advance Canadian agri-food commercial interests, or for costs related to outgoing foreign missions in support of incremental agri-food market development activities, for which there is a collaborative agreement with the Federal Government. The costs incurred by the Federal Government to undertake these missions are charged to this account and any unspent deposits are returned to the relevant Canadian agri-food industry organizations at the completion of each mission.

Miscellaneous projects deposits—Department of Canadian Heritage

This account was established to record contributions received from organizations and individuals for various projects.

Shared-cost/joint project agreements—Department of Canadian Heritage

This account was established to record monies received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

Special Operating Account

This account was established pursuant to section 18 of the *Library and Archives of Canada Act*, which also directed that: *(a)* the account be credited with funds received for the purpose of the Library and Archives of Canada by way of donation, bequest or otherwise, and *(b)* any amounts required for the purpose of the Act may be paid out of the account or out of money appropriated by Parliament for such purposes.

Advance Account—Telefilm Canada

This account was established pursuant to section 19 of the *Telefilm Canada Act*, to reserve for use in future years the revenues and recoveries generated from projects funded by Telefilm Canada.

Miscellaneous projects deposits—Parks Canada Agency

This account was established to record contributions received from organizations and individuals for various projects.

Federal/provincial collaborative agreement

This account was established to record amounts received by the Department of Employment and Social Development from a province as funding under the provisions of a collaborative agreement with the province.

Federal/provincial shared-cost project—Department of Employment and Social Development

This account was established to record the deposit of advance payments made by provinces towards the costs of projects and programs for which there is a cost-sharing agreement with the Federal Government. Disbursements are made to pay the provinces' share of costs as per official agreements or to refund unused amounts.

Federal/provincial/territorial shared-cost project—Interprovincial Computerized Examination Management System (ICEMS)

This account was established to record advance payments received from provinces and territories to pay for the development and annual operating costs of the ICEMS. Advance payments are made pursuant to the "Agreement on the Joint Project for the ongoing operations of the ICEMS". The costs incurred are charged to the account and any unexpended funds will be allocated according to the common will of the Parties and shall be in accordance with applicable legislation.

Labour Standards Suspense Account

This account was established under the authority of section 23 of the Canada Labour Standards Regulations to record wages received by the Minister of Employment, Workforce Development and Labour from employers who cannot locate employees. Efforts are then made to locate employees. Wages are paid out when employees are located or when employees contact the department for payment.

Common school funds—Ontario and Quebec

This account was established under *12 Victoria 1849*, Chapter 200, to record the proceeds from the sale of lands set apart for the support and maintenance of common schools in Upper and Lower Canada, now Ontario and Quebec. Interest of $133,889, apportioned on the basis of population, is paid directly to these provinces on a semi-annual basis, at the rate of 5 per cent per annum, and is charged to interest on the public debt.

Foreign Claims Fund

This account was established by Vote 22a, *Appropriation Act No. 9, 1966*, to record: *(a)* such part of the money received from the Custodian of Enemy Property, proceeds of the sale of property and the earnings of property, and *(b)* all amounts received from governments of other countries pursuant to agreements entered into after April 1, 1966 relating to the settlement of Canadian claims, and also records payment of claims submitted, including payment of the expenses incurred in investigating and reporting on such claims.

War Claims Fund—World War II

This account was established by Vote 696, *Appropriation Act No. 4, 1952*, to record funds received from the Custodian of Enemy Property or from other sources, and payments: *(a)* to eligible claimants for compensation in respect of World War II; *(b)* of a supplementary award amounting to 50 per cent of the original award (PC 1958-1467, October 23, 1958); and *(c)* of expenses incurred in investigating and reporting on claims.

A War Claims Commission was established to enquire into and report on claims made by Canadians arising out of World War II for which compensation may be paid from this or any other fund established for the purpose. The expenses of the Commission are chargeable hereto.

Federal/provincial cost-sharing agreements

This account was established to record the deposit of funds received from the provinces for cost-shared programs according to official signed agreements.

Miscellaneous projects deposits—Department of Fisheries and Oceans

This account was established to record contributions received from organizations and individuals, for the advancement of research work.

Sales of seized assets

The account was established to record the proceeds of the sale of seized items by the Department of Fisheries and Oceans from a person contravening the *Fisheries Act*. Funds so received are held in the Consolidated Revenue Fund pending final resolution of the case by the Minister of Fisheries and Oceans or the courts.

Canada Foundation Account

This account was established by Vote 6g, *Appropriation Act No. 2, 1967*, to record funds received in connection with the Civilian Relief Agreement of 1950, and the Cultural Agreement of 1954 between Canada and Italy, and disbursements for the purposes of the said agreements.

Financial assistance to Canadians abroad

This account was established to record funds received from families or friends as prepayment for financial assistance to distressed Canadians abroad.

Funds from non-governmental organizations

This account was established to record funds received as prepayment for services to be performed by the Department of Foreign Affairs, Trade and Development on behalf of third parties.

Shared-cost projects—Department of Foreign Affairs, Trade and Development

This account was established to record funds received from organizations outside the Government of Canada reporting entity for shared-cost projects.

Shared-cost projects—Support to various programs

This account was established to record deposits received and payments made in accordance with authorities for shared-cost projects to support various development programs.

Collaborative research projects—Department of Health

This account was established to record funds received from client groups for cost-shared and joint project research agreements.

Miscellaneous federal/provincial projects—Department of Health

This account was established to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost-sharing agreements for joint federal/provincial/territorial projects which address health issues which are national in scope.

World Health Organization

This account was established to record funds received from the World Health Organization for scientific projects.

Shared-cost agreements—Canadian Food Inspection Agency

This account was established to record amounts deposited by external parties for shared-cost research projects. Funds are disbursed on behalf of depositors as specific projects are undertaken.

Collaborative research projects—Public Health Agency of Canada

This account was established to record funds received from client groups for cost-shared and joint project research agreements.

Miscellaneous federal/provincial projects—Public Health Agency of Canada

This account was established to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost-sharing agreements for joint federal/provincial/territorial projects which address health issues which are national in scope.

Immigrant Investor Program

This account was established to record the receipt and disbursement of amounts received under the Immigrant Investor Program in accordance with section 12(2) of the *Immigration and Refugee Protection Act* and section 91(d) of the Immigration and Refugee Protection Regulations. This program allows qualified immigrants to gain permanent residence in Canada by making an investment in the Canadian economy.

The *Economic Action Plan 2014 Act, No. 1* (Bill C-31) terminated the program and any application in the backlog for which a selection decision was not made before February 11, 2014. While the program has been terminated, outstanding investments will continue to be returned to investors approximately over the next 5 years.

Indian band funds—Shares and certificates

This account was established under the *Indian Act*, to record the historical value of TransAlta Utilities Corporation shares received as compensation for a power line right-of-way on the Blood Indian reserve. These shares are held in the name of the Receiver General for Canada for the credit of the Blood Indian Band.

Indian Moneys Suspense Account

This account was established to hold moneys received for individual Indians and bands that cannot be disbursed to an Indian, or credited to an Indian Band Fund or Individual Trust Fund account, pending execution of the related lease, permit or licence, settlement of litigation, registration of the Indian or identification of the recipient.

Indian special accounts

Indian special accounts represent a number of non-interest bearing accounts which are maintained for specific purpose and include the following:

(a) Quebec fur account—This account was established to record funds received from the sales of pelts trapped on reserves in the Abitibi District in Quebec, to defer charges for tallymen's wages, freight costs, etc. No activity was reported in the current year.

(b) Fines—*Indian Act*—Fines collected as defined in section 104 of the *Indian Act*, are credited to this account for the benefit of the bands or members of the bands. Expenditures may be made per the direction of the Governor in Council to cover certain costs in the administration or promotion of the purpose of the relative law.

Non-Indian moneys

This account was established as per Article 5.08 (a) (ii) of the Saskatchewan Treaty Land Entitlement Framework Agreement to collect "Provincial Mineral Revenues" on behalf of the Province of Saskatchewan and remit the same in the manner as described in an agreement between the two parties.

Income from securities in trust—*Bankruptcy and Insolvency Act*

This account was established by sections 78, 84, 154 and 194 of the *Bankruptcy and Insolvency Act*, to record dividends paid on stocks originally held by a bankrupt stockbroker but subsequently sold to clients. As the stocks were not registered in the clients' names, the dividends must be paid to the last registered owner, in this case, the stockbroker. The dividends are forwarded to the Superintendent of Bankruptcy for safekeeping.

Petro-Canada Enterprises Inc.—Unclaimed shares

This account was established by Section 227 of the *Canada Business Corporations Act* to record the liability to shareholders who have not presented their shares for payment.

Shared-cost projects—Department of Industry

This account was established to record funds received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

Unclaimed dividends and undistributed assets—*Bankruptcy and Insolvency Act*

This account represents amounts credited to the Receiver General in accordance with the provisions of section 154 of the *Bankruptcy and Insolvency Act*, pending distribution to creditors.

Unclaimed dividends and undistributed assets—*Canada Business Corporations Act*

This account was established in accordance with sections 227 and 228 of the *Canada Business Corporations Act*, for the purpose of recording liabilities to creditors and shareholders who have not been located. The account is charged when funds are paid to them.

Unclaimed dividends and undistributed assets—*Winding-up and Restructuring Act*

This account records amounts credited to the Receiver General, in accordance with sections 138 and 139 of the *Winding-up and Restructuring Act*, pending distribution.

Federal/provincial agreement—Advance Account

This account was established to record deposits from non-federal partners for their share of costs under various projects. Funds are disbursed on behalf of contributors as projects are undertaken. Unused funds are to be returned to contributors.

Canada/Provinces Service Agreement

This account was established to record funds received from provinces under cost-sharing agreement for the Canada Business Ontario Service Centre.

Project deposits—Statistics Canada

This account was established to record deposits received from outside parties to secure payments for special statistical services.

Special Account—Courts Administration Service

This account was established to maintain accounts on behalf of litigants before the Federal Court and Federal Court of Appeal. These accounts record the funds paid into the Federal Court and Federal Court of Appeal, pursuant to an order of the Courts, rules of the Courts or statutes, to be held pending payment of such funds, in accordance with an order/judgment of these Courts.

Foreign governments

These accounts were established to record funds received from foreign governments, to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

Joint research and development projects—Department of National Defence

This account was established to record funds received from other governments and organizations through collaborative relationships where the work is shared between the Government of Canada and other laboratories.

Non-government agencies

This account was established to record funds received for expenditures made on behalf of non-government agencies, for which specific accounts have not been established.

Foreign partners

These accounts were established to record funds received from foreign partners to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

Deposits/Disbursements—Workers' Compensation Board

This account was established under the authority of the *Canada Revenue Agency Act* and the *Workers' Compensation Act*, to enable the Canada Revenue Agency (CRA) to record and forward on daily basis, funds received from Nova Scotia employers to the Workers' Compensation Board of Nova Scotia (Board), as part of a partnership arrangement between the CRA and the Board.

Market development incentive payments—Alberta

This account records funds received from the Government of Alberta to encourage the expansion of natural gas markets in Alberta and provinces to the East, in accordance with an agreement between the Government of Canada and the Government of Alberta dated September 1, 1981, and pursuant to section 39 of the *Energy Administration Act*. The original term of the agreement was from November 1, 1981, to January 31, 1987. As a result of the Western Accord of March 25, 1985, payments from the Government of Alberta terminated as at April 30, 1986; however, payments continued to be made from the account for selected programs, which encouraged the use of natural gas for vehicles.

More recently, a new strategy for the expenditure of these funds has been agreed upon. This strategy consists of expending the remaining funds in support of expanding the use of natural gas in transportation and combined heat and power applications across Canada.

Newfoundland Offshore Revenue Account

This account was established pursuant to section 214 of the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act* to facilitate the transfer of funds to the province of Newfoundland and Labrador equal to revenues from oil and gas activities in the Canada-Newfoundland and Labrador offshore. Through statutory provisions of the Act, an amount equal to certain offshore revenues (taxes, royalties and miscellaneous revenues) is credited to this account and subsequent payments to the Province of Newfoundland and Labrador are charged thereto.

Nova Scotia Offshore Revenue Account

This account was established pursuant to section 219 of the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act* to facilitate the transfer of funds to the province of Nova Scotia equal to revenues from oil and gas activities in Canada-Nova Scotia offshore. Through statutory provisions of the Act, an amount equal to certain offshore revenues (taxes, royalties and miscellaneous revenues) is credited to this account and subsequent payments to the Province of Nova Scotia are charged thereto.

Shared-cost agreements—Research—Department of Natural Resources

This account was established to facilitate the retention and disbursement of funds received from private industries and other governments for joint projects or shared-cost research agreements.

Shared-cost projects—Department of Natural Resources

This account was established to facilitate the retention and disbursement of funds received from private organizations and other governments for cost-sharing scientific projects.

Security equipment purchases

Funds deposited in this account by licensees are used to provide for payment of purchases of security equipment for the licensees' facilities in accordance with security arrangements mandated pursuant to the *Nuclear Safety and Control Act*.

Cost-sharing collaborate agreement

This account was established to record amounts deposited by external parties for shared-cost projects.

Shared-cost projects—Media travel expenses

This account records medias' (non-governmental organizations) reimbursements for travel arrangement services rendered to them.

Joint research and development projects—Royal Canadian Mounted Police

This account was established to record funds received from foreign national police agencies and other government organizations in order to share costs incurred under various research project agreements, technical requirements and system improvements.

Military purchases excess funds deposit

This account was established by a written agreement between Canada and the United States, to record temporarily unused funds paid to the United States Government under contracts for purchases of military equipment. The funds are invested by the Federal Reserve Bank of New York to earn interest for the Government of Canada.

Shared-cost agreements—Remediation projects

This account was established to record funds received from external parties in order to cover expenditures incurred under shared-cost remediation projects.

Shared-cost agreements—Department of Veterans Affairs

This account was established to record transactions relating to share of costs incurred under federal/provincial cost-sharing agreements and funding for research and other projects at Sainte Anne's Hospital.

During the year, the account was closed.

Supplementary Statements

Canada Pension Plan

Management's responsibility for financial statements

The consolidated financial statements of the Canada Pension Plan are prepared in accordance with the *Canada Pension Plan* by the management of Employment and Social Development Canada. Management is responsible for determining that the applicable financial reporting framework is acceptable and is responsible for the integrity and objectivity of the information in the consolidated financial statements, including the amounts which must, of necessity, be based on best estimates and judgment. The significant accounting policies are identified in Note 2 to the consolidated financial statements. The financial information presented throughout the Annual Report is consistent with the consolidated financial statements.

To fulfill its accounting and reporting responsibilities, management has developed and maintains books of account, financial and management controls, information systems and management practices. These systems are designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Canada Pension Plan*, the *Canada Pension Plan Investment Board Act* and the *Financial Administration Act* and their accompanying regulations.

The Auditor General of Canada, the external auditor of the Canada Pension Plan, conducts an independent audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards and provides a report to the Minister of Families, Children and Social Development.

Louise Levonian
Deputy Minister
Employment and Social Development Canada

Mark Perlman, CPA, CMA
Chief Financial Officer
Employment and Social Development Canada

Gatineau, Canada
August 29, 2017

Canada Pension Plan—*continued*

Independent Auditor's Report

To the Minister of Families, Children and Social Development

I have audited the accompanying consolidated financial statements of the Canada Pension Plan, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of operations, consolidated statement of changes in financial assets available for benefit payments and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements have been prepared by management of the Canada Pension Plan using the basis of accounting described in Note 2 to the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the basis of accounting described in Note 2 to the consolidated financial statements, which includes determining that the basis of accounting is an acceptable basis for the preparation of the consolidated financial statements in the circumstances, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements of the Canada Pension Plan for the year ended 31 March 2017 are prepared, in all material respects, in accordance with the basis of accounting described in Note 2 to the consolidated financial statements.

Basis of accounting

Without modifying my opinion, I draw attention to Note 2 to the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared to comply with the financial reporting provisions of the *Canada Pension Plan* legislation. As a result, the consolidated financial statements may not be suitable for another purpose.

Robert Wilson, CPA, CA
Principal
for the Auditor General of Canada

29 August 2017
Ottawa, Canada

Canada Pension Plan—*continued*

Consolidated statement of financial position as at March 31

(in millions of dollars)

	2017	2016
Financial assets		
Cash (Note 3)	174	95
Receivables (Note 4)	4,640	5,100
Investments (Note 6)	377,477	345,319
Amounts receivable from pending trades (Note 6)	3,234	2,627
	385,525	353,141
Liabilities		
Payables and accrued liabilities (Note 8)	1,195	1,158
Investment liabilities (Note 6)	60,200	65,379
Amounts payable from pending trades (Note 6)	3,631	3,431
	65,026	69,968
Financial assets available for benefit payments	**320,499**	**283,173**
Non-financial assets		
Premises, equipment and others	396	402
Assets available for benefit payments	**320,895**	**283,575**

Actuarial obligation in respect of benefits (Note 14)
Contractual obligations (Note 15)
Contingent liabilities (Note 16)
The accompanying notes are an integral part of these consolidated financial statements.

Approved by:

Louise Levonian
Deputy Minister
Employment and Social Development Canada

Mark Perlman, CPA, CMA
Chief Financial Officer
Employment and Social Development Canada

Canada Pension Plan—*continued*

Consolidated statement of operations for the year ended March 31

(in millions of dollars)

	Budget 2017	Actual 2017	Actual 2016
	(Note 9)		
Revenues			
Contributions	48,363	46,966	46,119
Net investment income (Note 10)			
Realized gains	–	21,140	11,521
Unrealized (losses) gains	–	7,536	(7,307)
Interest income	–	3,496	4,081
Dividend income	–	2,590	2,113
Other income	–	1,512	1,368
Transaction costs	–	(447)	(437)
Investment management fees	–	(1,464)	(1,330)
	11,817	34,363	10,009
	60,180	81,329	56,128
Expenses			
Pensions and benefits			
Retirement	33,950	32,970	31,407
Survivor	4,518	4,427	4,369
Disability	4,339	4,030	3,958
Disabled contributor's child	329	309	316
Death	344	334	347
Orphan	235	209	212
Post-retirement	–	341	242
Net overpayments (Note 4)	–	(118)	(97)
	43,715	42,502	40,754
Operating expenses (Note 12)	1,443	1,507	1,414
	45,158	44,009	42,168
Net increase in assets available for benefit payments	15,022	37,320	13,960
Assets available for benefit payments, beginning of year	**283,575**	**283,575**	**269,615**
Assets available for benefit payments, end of year	**298,597**	**320,895**	**283,575**

The accompanying notes are an integral part of these consolidated financial statements

Consolidated statement of changes in financial assets available for benefit payments for the year ended March 31

(in millions of dollars)

	Budget 2017	Actual 2017	Actual 2016
	(Note 9)		
Net increase in assets available for benefit payments	15,022	37,320	13,960
Changes in non-financial assets	–	6	(32)
Increase in financial assets available for benefit payments	15,022	37,326	13,928
Financial assets available for benefit payments, beginning of year	**283,173**	**283,173**	**269,245**
Financial assets available for benefit payments, end of year	**298,195**	**320,499**	**283,173**

The accompanying notes are an integral part of these consolidated financial statements

Canada Pension Plan—*continued*

Consolidated statement of cash flow for the year ended March 31

(in millions of dollars)

	2017	2016
Operating activities		
Cash receipts		
Contributions	47,470	46,287
Interest on investments	3,624	3,949
Dividends on investments	2,175	1,829
Other investment income	1,546	1,376
Cash payments		
Pensions and benefits	(42,516)	(40,741)
Operating expenses	(1,469)	(1,299)
Investment management fees	(758)	(1,053)
Transaction costs	(471)	(446)
Payment of interest on debt	(148)	(39)
Cash flows from operating activities	**9,453**	**9,863**
Capital activities		
Acquisition of premises and equipment	(23)	(50)
Cash flows used in capital activities	**(23)**	**(50)**
Financing activities		
Issuance of debt	57,969	62,303
Repayment of debt	(54,596)	(55,691)
Cash flows from financing activities	**3,373**	**6,612**
Investing activities		
Purchases	(5,388,303)	(5,525,831)
Disposals	5,375,579	5,509,230
Cash flows used in investing activities	**(12,724)**	**(16,601)**
Net (decrease) increase in cash	**79**	**(176)**
Cash, beginning of year	**95**	**271**
Cash, end of year	**174**	**95**

The accompanying notes are an integral part of these consolidated financial statements.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2017

1. Authority, objective and responsibilities

(a) Description of the Canada Pension Plan

The Canada Pension Plan (CPP) is a federal/provincial plan established by an Act of Parliament in 1965. The CPP is administered by the Government of Canada and the participating provinces.

The CPP began operations in 1966. It is a compulsory and contributory social insurance program operating in all parts of Canada except Quebec, which operates the Québec Pension Plan (QPP), a comparable program. The CPP's objective is to provide a measure of protection to workers and their families against the loss of earnings due to retirement, disability or death. The CPP is financed by contributions and investment returns. Employers and employees pay contributions equally to the CPP. Self-employed workers pay the full amount.

The Minister of Families, Children and Social Development is responsible for the administration of the CPP, under the *Canada Pension Plan*; the Minister of National Revenue is responsible for collecting contributions. The Minister of Finance and his provincial counterparts are responsible for setting CPP contribution rates, pension and benefit levels and funding policy. The CPP Investment Board (CPPIB) is responsible for managing the amounts that are being transferred under section 108.1 of the *Canada Pension Plan*. It acts in the best interests of the beneficiaries and contributors under the *Canada Pension Plan*.

In accordance with the *Canada Pension Plan*, the financial activities of the CPP are recorded in the CPP Account (Note 3). The financial transactions affecting the Account are governed by the *Canada Pension Plan* and its regulations. The CPP's investments are held by the CPPIB. Pursuant to subsections 112(1) and 112(2) of the *Canada Pension Plan*, one set of annual financial statements is presented on a consolidated basis to include the accounts of the CPP and the CPPIB.

The CPPIB was established pursuant to the *Canada Pension Plan Investment Board Act* (*CPPIB Act*). The CPPIB is a federal Crown corporation and all of its shares are owned by Her Majesty the Queen in right of Canada. The CPPIB's transactions are governed by the *CPPIB Act* and its accompanying regulations. The CPPIB's assets are to be invested with a view to achieving a maximum rate of return without undue risk of loss, with regard to the factors that may affect the funding of the CPP and its ability to meet its financial obligations on any given business day.

The CPPIB and its wholly-owned subsidiaries are exempt from Part I income tax under paragraphs 149 (1)*(d)* and 149 (1)*(d*.2) of the *Income Tax Act* (Canada) on the basis that all of the shares of the CPPIB and its subsidiaries are owned by Her Majesty the Queen in right of Canada or by a corporation whose shares are owned by Her Majesty the Queen in right of Canada, respectively.

The CPPIB is designed to operate at arm's length from the government. It is required to be accountable to the public, Parliament (through the federal Minister of Finance) and the provinces. It provides regular reports of its activities and the results achieved. The financial statements of the CPPIB are audited annually by an external firm and are included in its annual report.

On December 15, 2016 the *Canada Pension Plan*, the *CPPIB Act* and the *Income Tax Act* (Canada) were amended to reflect the CPP enhancement. When implemented, the CPP enhancement will bring a higher income replacement rate and will increase the band of pensionable earnings covered. This will be achieved through an increase in the contribution rate, phased-in over a 7- year period starting on January 1, 2019.

As stated in the *Canada Pension Plan* and *CPPIB Act*, changes to these Acts require the approval of at least two-thirds of the provinces that have, in the aggregate, not less than two-thirds of the population of all included provinces.

(b) Pensions and benefits

Retirement pensions – A retirement pension is payable to CPP contributors at age 60 or older, according to the provisions of the *Canada Pension Plan*. The monthly amount is equal to 25 per cent of the contributor's average monthly pensionable earnings during the pensionable period, up to a maximum amount. The amount is reduced or increased depending upon whether the contributor applies for a retirement pension before or after age 65. The maximum monthly pension payable at age 65 in 2017 is $1,114.17 (2016 – $1,092.50).

Post-retirement benefits – A post-retirement benefit (PRB) is payable to each retirement pension recipient who has continued to work and has made contributions to the PRB while between the ages of 60 and 70. Contribution are mandatory for CPP or QPP retirement pension recipients aged 60-65, however, those between the ages of 65 and 70 can choose not to contribute. The PRB becomes payable the year after contributions are made. The maximum new monthly PRB at age 65 in 2017 is $27.85 (2016 – $27.31).

Disability benefits – A disability benefit is payable to a contributor who is disabled, according to the provisions of the *Canada Pension Plan*. The amount of the disability benefit to be paid includes a flat-rate portion and an amount equal to 75 per cent of the earned retirement pension. The maximum monthly disability benefit in 2017 is $1,313.66 (2016 – $1,290.81).

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2017—*continued*

Survivor's pensions – A survivor's pension is payable to the spouse or common-law partner (the beneficiary) of a deceased contributor, according to the provisions of the *Canada Pension Plan*. For a beneficiary under the age of 65, the pension consists of a flat-rate portion and an amount equal to 37.5 per cent of the deceased contributor's earned retirement pension, if the spouse or common-law partner is not receiving other CPP pensions. A beneficiary between the ages of 35 and 45 who is not disabled or who has no dependent children receives a reduced pension. For beneficiaries aged 65 and over, the pension is equal to 60 per cent of the retirement pension granted to the deceased contributor, if the spouse or common-law partner is not receiving other CPP pensions. The maximum monthly pension payable to a beneficiary in 2017 is $668.50 (2016 – $655.50).

Disabled contributor's child and orphan benefits – According to the provisions of the *Canada Pension Plan*, each child of a contributor who is receiving disability benefits or a child of a deceased contributor is entitled to a benefit as long as the child is under the age of 18, or is between the ages of 18 and 25 and attending school full-time. The flat-rate monthly benefit in 2017 is $241.02 (2016 – $237.69).

Death benefits – According to the provisions of the *Canada Pension Plan*, a death benefit is a one-time payment to, or on behalf of, the estate of a contributor. The death benefit amounts to six times the amount of the deceased contributor's monthly retirement pension, up to a maximum of $2,500.00 in 2017 (2016 – $2,500.00).

Pensions and benefits indexation – As required by the *Canada Pension Plan*, pensions and benefits are indexed annually based on the Consumer Price Index for Canada. The rate of indexation for 2017 is 1.4 per cent (2016 – 1.2 per cent).

2. Significant accounting policies

(a) Basis of accounting

These financial statements have been prepared in accordance with the significant accounting policies described below in compliance with the *Canada Pension Plan*. The financial statements are presented on a consolidated basis to include the accounts of the CPP and the CPPIB and include a consolidated statement of financial position, a consolidated statement of operations, a consolidated statement of changes in financial assets available for benefit payments and a consolidated statement of cash flow.

The CPP, which is managed by both the Government of Canada and participating provinces, is not considered to be part of the reporting entity of the Government of Canada. Accordingly, its financial activities are not consolidated with those of the Government.

(b) International Financial Reporting Standards

The CPPIB, which is a significant component of the CPP consolidated financial statements, adopted International Financial Reporting Standards (IFRS) as of April 1, 2014. While there is no impact on financial assets available for benefit payments and net increase in assets available for benefit payments as a result of CPPIB's IFRS adoption, CPPIB's incremental financial statement disclosures related to investments, investment receivables and investment liabilities is supplementary information to the requirements of the *Canada Pension Plan*.

(c) Financial instruments

The CPP, through the CPPIB, measures its investments, investment receivables and investment liabilities at fair value.

The investments and investment receivables are measured at fair value on the basis that they are part of a portfolio managed and evaluated on a fair value basis in accordance with investment strategies and risk management of CPPIB.

Investment liabilities are measured at fair value upon meeting the following criteria:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

The CPP, through the CPPIB, recognizes investments, investment receivables and investment liabilities when, and only when, it becomes a party to the contractual provisions of the instrument. In addition, these are recorded on a trade date basis.

Investments and investment receivables are derecognized when the contractual rights to receive the cash flows expire or where the CPP, through the CPPIB, has transferred the asset and substantially all the risks and rewards of the asset or no longer retains control over the asset. Investment liabilities are derecognized by CPP, through the CPPIB, when the obligation under the liabilities is discharged, cancelled or expires.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2017—*continued*

Upon initial recognition, investments, investment receivables and investment liabilities are measured at fair value. Subsequent changes in the fair value are recorded as unrealized gain (loss) on investments and included in net investment income (loss), along with the interest and dividend income from such financial instruments.

(d) Valuation of investments, investment receivables and investment liabilities

Investments, investment receivables and investment liabilities are recorded on a trade date basis and are stated at fair value. Fair value is an estimate of the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

In an active market, fair value is best evidenced by an independent quoted market price. In the absence of an active market, fair value is determined by valuation techniques that make maximum use of inputs observed from markets. These valuation techniques include using recent arm's length market transactions, if available, or current fair value of another investment that is substantially the same, discounted cash flow analysis, option pricing models and other accepted industry valuation methods, that may include the use of estimates made by management, appraisers or both where significant judgment is required.

(e) Contributions

Contributions include CPP contributions earned for the year. The Canada Revenue Agency (CRA) collects contributions and measures them using the assessment of tax returns. In determining the amount of contributions earned for the year, the CRA considers cash received and contributions assessed, and makes an estimate for contributions related to tax returns not yet assessed. This estimate is subject to review. Adjustments, if any, are recorded as contributions in the year they are known.

(f) Investment income

Income from investments includes realized and changes in unrealized gains and losses from investments, investment receivables and investment liabilities, dividend income and interest income. Dividend income is recognized on the ex-dividend date, which is when the right to receive the dividend has been established. Interest income is recognized using the effective interest rate method.

(g) Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment. Transaction costs are expensed as incurred and included in net investment income (loss).

(h) Investment management fees

Investment management fees, which include hedge fund performance fees, are paid to investment managers for externally managed investments. Investment management fees are expensed as incurred and included in net investment income (loss).

(i) Securities purchased under reverse repurchase agreements and sold under repurchase agreements

Securities purchased under reverse repurchase agreements represent the purchase of securities effected with a simultaneous agreement to sell them back at a specified price at a specified future date and are accounted for as an investment receivable. These securities are not recognized as an investment of the CPP, through the CPPIB. The fair value of securities to be resold under these reverse repurchase agreements is monitored and additional collateral is obtained, when appropriate, to protect against credit exposure. In the event of counterparty default, the CPP, through the CPPIB, has the right to liquidate the collateral held.

Securities sold under repurchase agreements are accounted for as collateralized borrowing because they represent the sale of securities with a simultaneous agreement to buy them back at a specified price at a specified future date. The securities sold continue to be recognized as an investment of the CPP, through the CPPIB, with any changes in fair value recorded as net gain (loss) on investments and included in net investment income (loss). Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is included in net investment income (loss) (refer to Note 10).

(j) Securities sold short

Securities sold short represent securities that are sold, but not owned, by the CPP, through the CPPIB. The CPP, through the CPPIB, has an obligation to cover these short positions, which are accounted for as an investment liability based on the fair value of the securities sold. Collateral is pledged to the counterparty, when appropriate (refer to Note 7). Interest and dividend expense on securities sold short are included in net investment income (loss) (refer to Note 10).

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2017—*continued*

(k) Translation of foreign currencies

Transactions, including purchases and sales of investments, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the year-end date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Foreign currency transaction gains and losses on financial instruments are included in net investment income (loss) (refer to Note 10).

(l) Pensions and benefits

Pensions and benefits expenses are recorded when incurred and are net of overpayments established during the year. Accruals are recorded at year-end for pensions and benefits owed to beneficiaries but not paid, based on management's best estimate.

(m) Tax deductions due to the Canada Revenue Agency

Tax deductions due to the CRA consist primarily of voluntary and non-resident taxes withheld from pensions and benefit payments to CPP beneficiaries (refer to Note 8).

(n) Net overpayments

Net overpayments comprise overpayments of pensions and benefits that were established during the year less remissions of debts granted.

(o) Operating expenses

Operating expenses are recorded as incurred.

(p) Other claims and legal actions

The CPP records an allowance for claims and legal proceedings when it is likely that there will be a future payment and a reasonable estimate can be made.

(q) Measurement uncertainty

The preparation of consolidated financial statements in accordance with the *Canada Pension Plan* requires management to make certain estimates, judgments and assumptions that affect the reported values of assets and liabilities as at the date of the consolidated financial statements and revenues and expenses during the reporting period. Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Significant estimates and judgments are required principally in determining the reported estimated contributions, allowance for doubtful accounts, contingent liabilities, actuarial obligation in respect of benefits and valuation of financial instruments which are not actively traded. Measurement uncertainty exists in these consolidated financial statements. Actual results could significantly differ from those estimates.

(r) Future changes in accounting standards

The CPP has completed its assessment of the following sections and has concluded that their adoption will not have a significant impact on the consolidated financial statements:

Related party disclosures, effective date April 1, 2017

This new section PS 2200 defines a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

Assets, effective date April 1, 2017

This new section PS 3210 provides guidance for applying the definition of assets and establishes the general disclosure requirements.

Contingent assets, effective date April 1, 2017

This new section PS 3320 defines contingent assets as possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2017—*continued*

Contractual rights, effective date April 1, 2017

This new section PS 3380 defines and establishes disclosure standards on contractual rights which are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

Inter-entity transactions, effective date April 1, 2017

This new section PS 3420 establishes how to account for and report transactions between public sector entities that comprise a government reporting entity from both a provider and recipient perspective.

The CPP is currently analyzing the impact of these new sections relevant to the consolidated financial statements:

Restructuring transactions, effective date April 1, 2018

This new section PS 3430 introduces accounting guidance for both transferors and recipients of a restructuring transaction which is a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities without consideration based primarily on the fair value of the individual assets and liabilities transferred.

Financial instruments, effective date April 1, 2019

i. Financial instruments

The new section PS 3450 (financial instruments) establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Items within the scope of the section are assigned to one of two measurement categories: fair value and cost or amortized cost. Until an item is derecognized, gains and losses arising as a result of fair value remeasurement will be reported in the consolidated statement of remeasurement gains and losses.

ii. Foreign currency translation

The revised section PS 2601 (foreign currency translation) requires that remeasurement gains and losses on foreign currency translation be reported in a new consolidated statement of remeasurement gains and losses until such time as the financial instrument is derecognized, at which point, the accumulated remeasurement gain and loss is recognized in the consolidated statement of operations.

iii. Financial statement presentation

The revised section PS 1201 (financial statements presentation) establishes the general principles and information standards applicable to consolidated financial statements. It requires that remeasurement gains and losses be reported in a new statement. Also, the assets available for benefit payments will be presented as the total of the net increase in assets available for benefit payments for the year and the accumulated remeasurement gains and losses.

Portfolio investments, effective date April 1, 2019

This section PS 3041 establishes standards on how to account for and report portfolio investments in government financial statements.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2017—*continued*

3. Cash

Cash consists of the total cash held by the CPP Account and the CPPIB. The CPP Account was established in the accounts of Canada by the *Canada Pension Plan* to record the contributions, interest, pensions, benefits and operating expenses of the CPP. It also records the amounts transferred to or received from the CPPIB. As at March 31, 2017, the deposit with the Receiver General for Canada in the CPP Account is $106 million (2016 – $35 million) and the CPPIB's cash is $68 million (2016 – $60 million) for a total of $174 million (2016 – $95 million).

4. Receivables

Receivables comprise the following:

(in millions of dollars)

	2017	2016
Contributions	4,442	4,945
Quebec Pension Plan	99	91
Beneficiaries		
Balance of pensions and benefits overpayments	218	192
Allowance for doubtful accounts	(134)	(135)
Others	15	7
	4,640	5,100

Contributions receivable represent the estimated amount to be collected from the CRA relating to contributions earned at year end and adjusted for tax returns not yet assessed. The amount includes an estimate that takes into consideration the number of contributors and the average contribution to be received, which is based on the average earning and the CPP contribution rate. On an annual basis, the model used to make the estimate is reviewed. The difference between the estimate and the actual amount has not been significant in the past.

The CPP has procedures to detect overpayments. During the year, overpayments totalling $122 million (2016 – $102 million) were established and debts totalling $4 million (2016 – $5 million) were forgiven as per the remission provisions of the *Canada Pension Plan*. A further $92 million (2016 – $74 million) was recovered through collection of payments and withholdings from beneficiaries.

5. Investment activities risk management

The CPP, through the investment activities carried out by the CPPIB, is exposed to a variety of financial risks. These risks include market risk, credit risk and liquidity risk. The CPPIB manages and mitigates financial risks through the Risk/Return Accountability Framework that is contained within the Risk Policy approved by the Board of Directors at least once every fiscal year. This policy contains risk limits and risk management provisions that govern investment decisions. It has been designed to achieve the mandate of the CPPIB, which is to invest its assets with a view to achieving a maximum rate of return, without undue risk of loss, having regard to the factors that may affect the funding of the CPP and the ability of the CPP to meet its financial obligations on any given business day.

Upper and Lower Absolute Risk Limits and the Absolute Risk Operating Range are included within the Risk/Return Accountability Framework, and these govern the amount of total investment risk that CPPIB can take in the long term CPP Investment Portfolio. CPPIB monitors the absolute risk, the possible losses of value expressed in absolute dollar or percentage terms, in the CPP Investment Portfolio daily and reports risk exposures to the Board of Directors on at least a quarterly basis.

i. *Market risk*: Market risk (including equity risk, currency risk, interest rate risk and other price risk) is the risk that the fair value or future cash flows of an investment, investment receivable or investment liability will fluctuate because of changes in market prices and rates.

   Equity risk: Equity risk is the risk that the fair value or future cash flows will fluctuate because of changes in equity prices or volatilities.

   The CPP, through the CPPIB, invests in both publicly traded and private equities. In terms of relative size, publicly traded equities represent the most significant equity risk. After taking into account derivative positions and with all other variables held constant, a 1 per cent decrease/increase in the S&P 500 Index inclusive of correlation to other equity markets would result in a loss/profit of $1,000 million (2016 – $642 million) on public equity investments.

   Currency risk: The CPP, through the CPPIB, is exposed to currency risk through holdings of investments, investment receivables or investment liabilities in various currencies.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2017—*continued*

In Canadian dollars, the net currency exposures, after allocating foreign currency derivatives, as at March 31, are as follows:

(in millions of dollars)

	2017		2016[1]	
Currency	Net exposure	% of total	Net exposure	% of total
United States dollar	122,750	39	102,128	37
Euro	34,003	11	30,364	11
Japanese yen	20,788	7	16,007	6
British pound sterling	18,839	6	14,959	5
Australian dollar	10,790	3	8,368	3
Hong Kong dollar	4,423	1	2,704	1
Swiss franc	4,381	1	1,305	–
Indian rupee	3,586	1	2,239	1
Chinese yuan	3,434	1	3,356	1
Brazilian real	3,425	1	1,320	–
South Korean won	2,857	1	1,292	–
Chilean peso	2,387	1	2,370	1
Other	8,424	3	8,880	4
Total foreign exposure	240,087	76	195,292	70
Canadian dollar	76,793	24	83,844	30
Total	316,880	100	279,136	100

[1] Certain comparative figures have been reclassified to conform to the current year's presentation as described in Note 19.

As at March 31, 2017, with all other variables and underlying values held constant, a change in the value of the Canadian dollar against major foreign currencies by 1 per cent would result in an approximate increase (decrease) in the value of investments, investment receivables and investment liabilities as follows:

(in millions of dollars)

	2017		2016[1]	
	Change in net investments		Change in net investments	
Currency	+1%	-1%	+1%	-1%
United States dollar	(1,228)	1,228	(1,021)	1,021
Euro	(340)	340	(304)	304
Japanese yen	(208)	208	(160)	160
British pound sterling	(188)	188	(150)	150
Australian dollar	(108)	108	(84)	84
Hong Kong dollar	(44)	44	(27)	27
Swiss franc	(44)	44	(13)	13
Indian rupee	(36)	36	(22)	22
Chinese yuan	(34)	34	(33)	33
Brazilian real	(34)	34	(13)	13
South Korean won	(29)	29	(13)	13
Chilean peso	(24)	24	(24)	24
Other	(84)	84	(89)	89
Total	(2,401)	2,401	(1,953)	1,953

[1] Certain comparative figures have been reclassified to conform to the current year's presentation as described in Note 19.

Interest rate risk: Interest rate risk is the risk that the fair value or future cash flows of an investment, investment receivable or investment liability will fluctuate because of changes in market interest rates.

Other price risk: Other price risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices arising from other risk factors such as commodity price risk, credit spread risk, basis risk and volatility.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2017—*continued*

ii. *Credit risk*: Credit risk is the risk of financial loss due to a counterparty failing to meet its contractual obligations, or a reduction in the value of the assets due to a decline in the credit quality of the borrower, counterparty, guarantor or the assets (collateral) supporting the credit exposure. The CPP's, through the CPPIB, credit risk exposure arises through its investment in debt securities, over-the-counter derivatives (as discussed in Note 6f) and guarantees. The carrying amounts of the investments are presented in Note 6 and guarantees are presented in Note 16c.

iii. *Liquidity risk*: Liquidity risk is the risk of being unable to generate sufficient cash or its equivalent in a timely and cost-effective manner to meet pensions and benefit payments, investment commitments and investment liabilities as they come due. The CPP manages this risk through cash flow planning for both short-term and long-term requirements. The cash flow is prepared for a two-year period and updated on a weekly basis to inform CPPIB of the fund required by CPP to meet its financial obligations. Also, the CPP, through the CPPIB, supplements its management of liquidity risk through its ability to raise funds through the issuance of commercial paper and term debt and transacting in securities sold under repurchase agreements (refer to Note 6 and Note 7).

The CPPIB maintains $6.2 billion (2016 – $1.5 billion) of unsecured credit facilities to meet potential liquidity requirements. As at March 31, 2017, the total amount drawn on the credit facilities is $nil (2016 – $nil). The CPPIB also has the ability to readily dispose of certain investments that are traded in an active market. These include a liquid portfolio of publicly traded equities, money market securities and marketable bonds.

The CPPIB is also exposed to liquidity risk through its obligation to remit cash to the CPP (refer to Note 18). In order to manage associated liquidity risk certain assets are segregated and managed separately. Liquidity risk is also managed by investing these assets in liquid money market instruments with the primary objective of ensuring that the CPP has the necessary liquidity to meet benefit payment obligations on any business day.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2017—*continued*

6. Investments, investment receivables and investment liabilities

As stated in Note 1, the role of the CPPIB is to invest the assets with a view to achieving a maximum rate of return without undue risk of loss, with regard to the factors that may affect the funding of the CPP and the ability of the CPP to meet its financial obligations on any given business day. To achieve its mandate, the CPPIB has established investment policies in accordance with its regulations. These set out the manner in which their assets shall be invested and their financial risks managed and mitigated through the Risk/Return Accountability Framework.

The schedule below provides information on CPPIB's investments, investment receivables and investment liabilities:

(in millions of dollars)

	2017	2016
Equities		
Canada	8,624	7,100
Foreign developed markets	148,897	113,480
Emerging markets	24,989	17,953
Total equities	**182,510**	**138,533**
Fixed income		
Bonds	61,240	73,061
Other debt	19,764	26,144
Money market securities	19,408	16,732
Total fixed income	**100,412**	**115,937**
Absolute return strategies[1]	**19,371**	**17,034**
Real assets		
Real estate	38,732	35,857
Infrastructure	27,899	20,373
Total real assets	**66,631**	**56,230**
Investment receivables		
Securities purchased under reverse repurchase agreements	5,207	12,199
Accrued interest	1,561	1,161
Derivative receivables	1,495	4,060
Dividends receivable	290	165
Total investment receivables	**8,553**	**17,585**
Total investments	**377,477**	**345,319**
Investment liabilities		
Securities sold under repurchase agreements	(14,749)	(19,926)
Securities sold short	(24,177)	(27,371)
Debt financing liabilities	(19,873)	(15,568)
Derivative liabilities	(1,401)	(2,514)
Total investment liabilities	**(60,200)**	**(65,379)**
Amounts receivable from pending trades	3,234	2,627
Amounts payable from pending trades	(3,631)	(3,431)
Net investments[2]	**316,880**	**279,136**

[1] Includes only investments in funds.

[2] The total of net investments not actively traded as at March 31, 2017 is $203,644 million (2016 – $190,989 million).

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2017—*continued*

(a) Equities

Equities consist of public and private investments in each of these three markets: Canadian, foreign developed and emerging.

i. Public equity investments are made directly or through funds, including hedge funds. As at March 31, 2017, public equities included fund investments with a fair value of $8,022 million (2016 – $7,807 million). Fair value for fund investments is generally based on the net asset value as reported by the external administrators or managers of the funds.

ii. Private equity investments are generally made directly or through ownership in limited partnership funds. As at March 31, 2017, private equities included direct investments with a fair value of $29,965 million (2016 – $25,161 million). The fair value for investments held directly is primarily determined using earnings multiples of comparable publicly traded companies or discounted cash flows. Recent market transactions, where available, are also used. In the case of investments held through a limited partnership fund, fair value is generally determined based on relevant information reported by the general partner using similar accepted industry valuation methods.

(b) Fixed income

i. Bonds consist of non-marketable and marketable bonds.

Fair value for non-marketable Canadian provincial government bonds is calculated using discounted cash flows. In the case of marketable bonds, including bond short positions, fair value is based on quoted prices or calculated using discounted cash flows.

ii. Other debt consists of investments in direct private debt, asset-backed securities, intellectual property, royalties, distressed mortgage funds, private debt funds and hedge funds. Fair value for direct investments in private debt and asset-backed securities is based on quoted market prices or broker quotes or recent market transactions, if available. Where the market price is not available, fair value is calculated using discounted cash flows.

iii. Money market securities consist of cash, term deposits, treasury bills, commercial paper and floating rate notes. Fair value is determined using cost, which, together with accrued interest income, approximates fair value due to the short-term or floating rate nature of these securities.

(c) Absolute return strategies

Absolute return strategies consist of investments in hedge funds and internally managed portfolios whose objective is to generate positive returns regardless of market conditions, that is, returns with a low correlation to broad market indices. The underlying securities of the funds and the internally managed portfolios could include, but are not limited to, equities, fixed income securities and derivatives. Fair value for fund investments is generally based on the net asset value as reported by the external administrators or managers of the funds.

(d) Real assets

i. The CPPIB obtains exposure to real estate through direct investments in privately held real estate and real estate funds.

Private real estate investments are managed on behalf of the CPPIB by investment managers primarily through co-ownership arrangements. As at March 31, 2017, real estate investments include assets of $38,732 million (2016 – $35,857 million).

ii. Infrastructure investments are generally made directly. As at March 31, 2017, infrastructure includes direct investments with a fair value of $27,860 million (2016 – $20,335 million) and $39 million in fund investments (2016 – $38 million).

Fair value for private real estate investments and infrastructure investments is primarily determined using discounted cash flows. Fair value for real estate funds and infrastructure investments held through limited partnership funds are generally based on the net asset value as reported by the external managers of the funds.

(e) Securities purchased under reverse repurchase agreements and sold under repurchase agreements

Reverse repurchase and repurchase agreements are carried at the amounts at which the securities were initially acquired or sold, which, together with accrued interest income or expense, approximates fair value due to the short-term nature of these securities.

The terms to maturity of the securities purchased under reverse repurchase agreements, as at March 31, 2017, are as follows: within 1 year, $5,207 million (2016 – $12,199 million), and 1 year to over 10 years, $nil (2016 – $nil).

The terms to maturity of the undiscounted value of the securities sold under repurchase agreements, as at March 31, 2017, are as follows: within 1 year, $14,753 million (2016 – $19,919 million), and 1 year to over 10 years, $nil (2016 – $nil).

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2017—*continued*

(f) Derivative contracts

A derivative contract is a financial contract, the value of which is derived from the value of underlying assets, indices, interest rates, currency exchange rates or other market-based factors. Derivatives are transacted through regulated exchanges or negotiated in over-the-counter markets. The CPPIB uses different types of derivative instruments, which include futures and forwards, swaps, options and warrants.

Notional amounts of derivative contracts represent the contractual amounts to which a rate or price is applied for computing the cash flows to be exchanged. The notional amounts are used to determine the gains/losses and fair value of the contracts.

The fair value of these contracts is reported as derivative receivables and derivative liabilities on the schedule of investments as shown above. Fair value for exchange-traded derivatives, which includes futures, options and warrants, is based on quoted market prices. Fair value for over-the-counter derivatives, which includes swaps, options, forward contracts and warrants, is determined based on valuation techniques such as option pricing models, discounted cash flows and consensus pricing from independent brokers and/or third-party vendors.

(g) Securities sold short

As at March 31, 2017, securities sold short of $24,177 million (2016 – $27,371 million) are considered repayable within one year based on the earliest period in which the counterparty could request payment under certain conditions.

(h) Debt financing liabilities

Debt financing liabilities consist of commercial paper payable and term debt. Commercial paper payable is recorded at the amount originally issued, which, together with accrued interest expense, approximate fair value due to the short-term nature of these liabilities. Fair value for term debt is based on quoted market prices.

The terms to maturity of the undiscounted value of the commercial paper payable as at March 31, 2017, are as follows: within 1 year, $11,120 million (2016 – $13,425 million), and 1 year to over 10 years, $nil (2016 – $nil). The terms to maturity of the undiscounted value of the term debt as at March 31, 2017, are as follows: within 1 year, $nil (2016 – $nil), 1 year to 5 years, $8,783 million (2016 – $2,149 million), and 6 years to over 10 years, $nil (2016 – $nil).

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2017—*continued*

7. Collateral

Collateral transactions are conducted to support CPPIB's investment activities under the terms and conditions that are common and customary to collateral arrangements. The net fair value of collateral held and pledged as at March 31 are as follows:

(in millions of dollars)

	2017	2016[2]
Assets held as collateral on:		
Reverse repurchase agreements[1]	5,196	10,289
Over-the-counter derivative transactions[1]	493	1,653
Other debt[1]	726	887
Assets pledged as collateral on:		
Repurchase agreements	(14,785)	(18,858)
Securities sold short	(27,575)	(23,508)
Over-the-counter derivative transactions		(50)
Private equities	(5,291)	(5,456)
Other Debt	(3,957)	(3,670)
	(45,193)	(38,713)

[1] The fair value of the collateral held that may be sold or repledged as at March 31, 2017, is $6,192 million (2016 – $12,302 million). The fair value of collateral sold or repledged as at March 31, 2017, is $2,677 million (2016 – $7,900 million).

[2] Certain comparative figures have been reclassified to conform to the current year's presentation as described in Note 19.

8. Payables and accrued liabilities

Payables and accrued liabilities are comprised of the following:

(in millions of dollars)

	2017	2016
Operating expenses	684	669
Pensions and benefits payable	310	306
Tax deductions on benefits due to Canada Revenue Agency	201	183
	1,195	1,158

9. Comparison of results against budget

The budget amounts included in the consolidated statement of operations and the consolidated statement of change in financial assets available for benefit payments are derived from the amounts that were originally budgeted in the Employment and Social Development Canada *2016–2017 Report on Plans and Priorities*, tabled in Parliament in March 2016 and amounts forecasted by the Office of the Superintendent of Financial Institutions.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2017—*continued*

10. Net investment income (loss)

Net investment income (loss) is reported net of transaction costs and investment management fees, and is grouped based on the asset class categories in accordance with CPPIB's Strategic Portfolio.

Net investment income (loss), for the year ended March 31, is as follows:

(in millions of dollars)

	2017					
	Investment income (loss)[1]	Net gain (loss) on investments[2,3,4]	Total investment income (loss)	Investment management fees[5]	Transaction costs	Net investment income (loss)
Equities						
Canada	(107)	2,382	2,275	(13)	(9)	2,253
Foreign developed markets	2,411	19,727	22,138	(488)	(93)	21,557
Emerging markets	226	2,976	3,202	(225)	(8)	2,969
	2,530	25,085	27,615	(726)	(110)	26,779
Fixed income						
Non-marketable bonds	957	(517)	440	–	–	440
Marketable bonds, cash and absolute return strategies[6]	362	24	386	(452)	(108)	(174)
Credit investments	1,339	1,246	2,585	(133)	(39)	2,413
	2,658	753	3,411	(585)	(147)	2,679
Real assets						
Real estate	1,508	1,806	3,314	(153)	(100)	3,061
Infrastructure	1,022	692	1,714	–	(15)	1,699
Other[7]	23	720	743	–	(66)	677
	2,553	3,218	5,771	(153)	(181)	5,437
Debt financing liabilities	(144)	(380)	(524)	–	(9)	(533)
Interest on operating balance	1		1	–	–	1
	7,598	28,676	36,274	(1,464)	(447)	34,363

The notes are on the following page.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2017—*continued*

(in millions of dollars)

	2016[8]					
	Investment income[1]	Net gain (loss) on investments[2,3,4]	Total investment income (loss)	Investment management fees[5]	Transaction costs	Net investment income (loss)
Equities						
Canada	(10)	(1,192)	(1,202)	(7)	(33)	(1,242)
Foreign developed markets	1,876	904	2,780	(445)	(195)	2,140
Emerging markets	229	(168)	61	(217)	(9)	(165)
	2,095	(456)	1,639	(669)	(237)	733
Fixed income						
Non-marketable bonds	963	(1,043)	(80)	–	–	(80)
Marketable bonds, cash and absolute return strategies[6]	1,243	2,388	3,631	(419)	(71)	3,141
Credit investments	1,169	50	1,219	(110)	(20)	1,089
	3,375	1,395	4,770	(529)	(91)	4,150
Real assets						
Real estate	1,365	2,758	4,123	(131)	(48)	3,944
Infrastructure	776	988	1,764	(1)	(46)	1,717
Other[7]	10	64	74	–	(8)	66
	2,151	3,810	5,961	(132)	(102)	5,727
Debt financing liabilities	(63)	(533)	(596)	–	(7)	(603)
Interest on operating balance	2	–	2	–	–	2
	7,560	4,216	11,776	(1,330)	(437)	10,009

[1] Includes interest income, dividends, interest expense on the debt financing liabilities and other investment-related income and expenses.

[2] Includes realized and changes in unrealized gains and losses from investments, investment receivables and investment liabilities.

[3] Includes foreign exchange gains of $1,900 million (2016 – gains of $5,200 million).

[4] Includes net unrealized gains of $6,202 million (2016 – gains of $1,484 million) which represents the change in fair value on those investments where the fair value is derived primarily from assumptions based on non-observable market data and still held at the end of the year. With all other variables held constant, the use of reasonable alternative assumptions would result in a decrease of $2,600 million (March 31, 2016 – $2,800 million) or increase of $2,900 million (March 31, 2016 – $3,000 million) in net assets.

[5] Includes hedge fund performance fees of $436 million (2016 – $395 million).

[6] Absolute return strategies consist of investments in funds and internally managed portfolios.

[7] Comprises agriculture and natural resources.

[8] Certain comparative figures have been reclassified to conform to the current year's presentation.

11. Estimated overpayments and underpayments of benefits

In order to measure the accuracy of CPP benefit payments, the CPP relies on a quality program (the CPP Payment Accuracy Review) which estimates, through statistical extrapolation, the most likely value of incorrect benefit payments.

For benefits paid during the 12 months ended March 31, 2017, undetected overpayments and underpayments are estimated to be $9.6 million and $30.3 million respectively ($0.2 million and $24.8 million in 2015–2016). These estimates are used by the CPP to assess the quality and accuracy of decisions and to continuously improve its systems and practices for processing CPP benefits.

The actual overpayments established during the year, as indicated in Note 4, were recorded as accounts receivable for recovery and are not directly linked to the above noted estimated overpayments and underpayments of benefits for the same period as these are an evaluation of potential overpayments and underpayments based on the extrapolation described above.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2017—*continued*

12. Operating expenses

CPP's operating expenses are composed of costs incurred by various Government of Canada (GoC) departments (refer to Note 17) for the administration of the CPP's activities as well as the CPPIB's operating expenses.

(in millions of dollars)

	2017			2016		
	GoC	CPPIB	Total	GoC	CPPIB	Total
Personnel related costs, including the Health Insurance Plan	257	625	882	246	594	840
Collection of contributions and investigation services	203	–	203	175	–	175
Operational business services	–	110	110	–	104	104
Program policy and delivery, accommodation and corporate services	102	–	102	92	–	92
Professional and consulting fees	–	54	54	–	51	51
Premises	–	41	41	–	39	39
Amortization of premises and equipment	–	30	30	–	30	30
Support services of the Social Security Tribunal	13	–	13	17	–	17
Cheque issue and computer services	6	–	6	6	–	6
Others	3	63	66	2	58	60
	584	923	1,507	538	876	1,414

13. Financial sustainability of the Canada Pension Plan

The CPP is financed by contributions and investment returns. Employers and employees pay contributions equally to the CPP, and self-employed workers pay the full amount. At the time of the Plan's inception in 1965, the demographic and economic conditions made pay-as-you-go financing appropriate. The pay-as-you-go financing, along with a small reserve equivalent to about two years' worth of expenditures, meant the pensions and benefits for one generation would be paid largely from the contributions of later generations. However, changing demographics and economic conditions over time led to increasing CPP costs, and by the mid-1990s the fall in the level of assets of the CPP resulted in a portion of the reserve being required to cover expenditures. Therefore, for the CPP to remain unchanged, the contribution rate would have needed to be increased regularly.

As a result, the CPP was amended in 1997 to restore its long-term financial sustainability and to improve fairness across generations by changing its financing approach from a pay-as-you-go basis to a form of partial funding called steady-state funding, along with incremental full funding rules for new or enhanced benefits, and reducing the growth of benefits over the long term. In addition, a new investment policy was put in place, along with the creation of the CPPIB. Moreover, the statutory periodic reviews of the Plan by the federal and provincial financial ministers were increased from once every five years to every three years.

Key among the 1997 changes was the introduction of self-sustaining provisions to safeguard the Plan: in the event that the projected minimum contribution rate is greater than the legislated contribution rate and no recommendations are made by the Finance Ministers to correct the situation, the contribution rate would automatically increase and the indexation of the current benefits would be suspended.

The federal, provincial and territorial finance ministers took additional steps in 1999 to strengthen the transparency and accountability of actuarial reporting on the CPP by endorsing regular independent peer reviews of actuarial reports and consultations by the Chief Actuary with experts on the assumptions to be used in the actuarial reports.

The most recent triennial report, the *Twenty-seventh Actuarial Report on the Canada Pension Plan* as at December 31, 2015, was tabled in Parliament on September 27, 2016. The next triennial actuarial report as at December 31, 2018, is expected to be tabled by December 2019. The most recent actuarial report, the *Twenty-eighth Actuarial Report supplementing the Actuarial Report on the Canada Pension Plan* as at December 31, 2015, was tabled in Parliament on October 28, 2016. It was prepared on the basis of the *Twenty-seventh Actuarial Report* to show the effect of the proposed changes to the *Canada Pension Plan*, which was amended on December 15, 2016, to reflect the CPP enhancement as described in Note 1.

According to the *Twenty-seventh Actuarial Report*, under the current legislated contribution rate of 9.9 per cent, the Plan's assets are expected to increase significantly, with the asset/expenditure ratio remaining relatively stable at a level of 6.5 over the period 2016 to the early 2030s and then growing to reach 7.4 by 2090 assuming all assumptions are realized.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2017—*continued*

A number of assumptions were used in the *Twenty-seventh Actuarial Report* to project the CPP's revenues and expenditures over the long projection period of 75 years, and to determine the minimum contribution rate. The assumptions provided in the table below represent the best estimates according to the Chief Actuary's professional judgment relating to demographic, economic, and other factors; and have been peer reviewed by an independent expert actuary's panel.

	As at December 31, 2015[1]		As at December 31, 2012[1]	
	Males	Females	Males	Females
Canadian life expectancy				
at birth in 2016	86.7 years	89.7 years	86.3 years	89.3 years
at age 65 in 2016	21.3 years	23.7 years	21.1 years	23.5 years
Retirement rates for cohort at age 60	34% (2016)	38% (2016)	34% (2016)	38% (2016)
CPP disability incidence rates (per 1,000 eligible)	3.10 (2020)	3.65 (2020)	3.32 (2017)[2]	3.77 (2017)[2]
Total fertility rate	1.65 (2019)		1.65 (2015)	
Net migration rate	0.62% of population (2016)		0.60% of population (2017)	
Participation rate (age group 15-69) in 2035 (2012 - in 2030)	77.5%		76.8%	
Employment rate (age group 15-69) in 2035 (2012 - in 2030)	72.6%		72.1%	
Unemployment rate	6.2% (2025)		6.0% (2023)	
Rate of increase in prices	2.0% (2017)		2.2% (2021)	
Real-wage increase	1.1% (2025)		1.2% (2020)	
Real rate of return (75-year average)	3.9%		3.9%	

[1] Assumptions are expected to gradually converge to their ultimate value. Years in the brackets indicate when the ultimate assumptions value is expected to be reached.

[2] The ultimate disability incidence rates assumption of *the 26th CPP Actuarial Report* has been adjusted based on the 2015 eligible population in order to compare with the assumption for this *27th CPP Actuarial Report* on the same basis.

In the *Twenty-seventh Actuarial Report*, the minimum contribution rate, which is the lowest rate to sustain the CPP, was determined to be 9.79 per cent of contributory earnings for the year 2019 and thereafter (9.84 per cent for the year 2016 and thereafter in the *Twenty-sixth Actuarial Report*).

The CPP assets available for benefit payments represent the funds accumulated for the payment of pensions, benefits, and operating expenses, i.e. total CPP expenditures. The partial funding nature of the CPP means that contributions as opposed to these assets are the main source for financing CPP expenditures. The *Twenty-seventh Actuarial Report* confirms that, on the basis of the assumptions selected, the current legislated contribution rate of 9.9 per cent is and will continue to be sufficient to pay for future expenditures over the period 2016 to 2020. Thereafter, a portion of investment income (26 per cent in 2050) will be required to make up the difference between contributions and expenditures. Under the current legislated contribution rate of 9.9 per cent and the average expected nominal return on assets of 5.1 per cent, total assets available for benefit payments are expected to grow to $476 billion by the end of 2025.

As at March 31, 2017, the value of CPP assets available for benefit payments is $320.9 billion (2016 – $283.6 billion). This amount represents approximately 6.8 times the 2018 planned expenditures of $47.4 billion (2016 – 6.3 times the 2017 planned expenditures of $45.2 billion).

A variety of tests were performed to measure the sensitivity of the long-term projected financial position of the CPP to future changes in the demographic and economic environments. Key best-estimate demographic and economic assumptions were varied individually to measure the potential impact on the financial status of the CPP.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2017—*continued*

The low-cost and high-cost alternatives for three important assumptions are shown in the table below. In the case of mortality, the assumptions for the low-cost and high-cost alternatives were developed by considering alternative assumed mortality improvement rates. In the case of real wage increase and real rate of return, these assumptions are defined as the upper and lower boundaries of the 80 per cent confidence intervals.

	Low-cost	Best-estimate	High-cost
Mortality:			
Canadian life expectancy at age 65 in 2050	Males 20.9	Males 23.3	Males 25.8
with future improvements	Females 23.2	Females 25.6	Females 27.9
Real wage increase	1.8%	1.1%	0.4%
Real rate of return (2016–2090)	5.6%	3.9%	2.2%

Mortality is a very important demographic assumption as it impacts the length of the benefit payment period. If male and female life expectancies at age 65 were to increase by approximately 2.5 years more than expected by 2050, the minimum contribution rate in 2019 and thereafter would increase to 10.10 per cent, above the current legislated contribution rate of 9.9 per cent. On the other hand, if male and female life expectancies at age 65 were to be about 2.5 years lower than expected, the minimum contribution rate would decrease to 9.46 per cent.

The most sensitive economic assumptions are the real wage increase and the real rate of return on investments. The growth in real wage directly impacts the amount of future CPP contributions. If an ultimate real wage increase of 1.8 per cent is assumed for 2025 and thereafter, the minimum contribution rate would decrease to 9.31 per cent. However, if an ultimate real wage increase of 0.4 per cent is assumed for 2017 and thereafter, the minimum contribution rate would increase to 10.32 per cent.

Real rates of return can fluctuate greatly from year to year and can have a significant impact on the size of assets and on the ratio of assets to the following year expenditures. If an average real rate of return of 5.6 per cent is assumed over the next 75 years (2016 to 2090), the minimum contribution rate will decrease to 8.54 per cent. However, if the average real rate of return is assumed to be 2.2 per cent over the next 75 years, the minimum contribution rate increases to 11.05 per cent.

The table below summarizes the sensitivity results of the minimum contribution rate and the ratio of the assets to the next year expenditures under the current legislated contribution rate of 9.9 per cent to the changes in mortality, real wage increase and real rate of return on investments assumptions:

Assumption	Scenario	Minimum contribution rate[1] (per cent)	Ratio of assets to expenditures under 9.9 per cent contribution rate		
			2025	2050	2090
	Best estimate	9.79	6.49	7.28	7.39
Mortality	Low cost	9.46	6.50	7.97	13.12
	High cost	10.10	6.47	6.67	3.20
Real wage increases	Low cost	9.31	6.54	8.70	12.61
	High cost	10.32	6.37	5.50	[2]
Real rate of return on investments	Low cost	8.54	7.52	14.07	47.47
	High cost	11.05	5.58	3.42	[3]

[1] The minimum contribution rate in this table refers to the rate applicable for 2019 and thereafter.

[2] Assets depleted by 2086.

[3] Assets depleted by 2075.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2017—*continued*

14. Actuarial obligation in respect of benefits

The *Twenty-seventh Actuarial Report* on the CPP measures the actuarial obligation under an open group approach, which is consistent with the partial funding nature of the CPP financing, and provides information under a closed group approach, in a footnote. The open group approach takes into consideration all current and future participants of the CPP, including their future contributions and associated benefits, to determine whether current assets and future contributions will be sufficient to pay for all future expenditures. The closed group approach includes only current participants of the CPP, with no new entrants permitted and no new benefits accrued. The choice of the methodology used to produce a social security system's balance sheet is mainly determined by the system's financing approach.

With the current legislated contribution rate of 9.9 per cent, the table below presents the asset excess (shortfall) and the assets to actuarial obligation ratio under open and closed group approaches at valuation dates of the current and previous actuarial reports:

(in billions of dollars)

	As at 31 December 2015		As at 31 December 2012	
	Open group	Closed group	Open group	Closed group
Assets available for benefit payments	2,547.4	285.4	2,245.8	175.1
Actuarial obligation	2,546.1	1,171.1	2,254.7	1,004.9
Asset excess (shortfall)[1]	1.3	(885.7)	(8.9)	(829.8)
Assets to actuarial obligation ratio	100.1%	24.4%	99.6%	17.4%

[1] The determination of the asset excess (shortfall) is based on the projections of the CPP's revenues and expenditures projected over the period of 150 years.

Under the partial funding financing approach of the CPP, in any given year, current contributors allow the use of their contributions to pay current beneficiaries' benefits. This financial arrangement creates claims for current and past contributors to contributions of future contributors. As such, the most appropriate assessment of the financial sustainability of partially funded plans by means of their balance sheets should reflect these claims.

The open group approach does account explicitly for these claims by considering the benefits and contributions of both the current and future plan participants. In comparison, the closed group approach does not reflect these claims, since only current participants are considered. To determine the CPP actuarial obligations under the open group approach, the CPP's revenues and expenditures were projected over the period of 150 years using the assumptions of the *Twenty-seventh Actuarial Report* shown in Note 13. The projection period longer than 75 years that is used to calculate the minimum contribution rate is necessary to ensure that the future expenditures for cohorts that will enter the labour force during that time are included in the liabilities.

The CPP was never intended to be a fully-funded plan and the financial sustainability of the CPP is not assessed based on its actuarial obligation in respect of benefits. According to the *Twenty-seventh Actuarial Report*, the CPP is intended to be long-term and enduring in nature, a fact that is reinforced by the federal, provincial, and territorial governments' joint stewardship through the established strong governance and accountability framework of the CPP. Therefore, if the CPP's financial sustainability is to be measured based on its asset excess or shortfall, it should be done on an open group basis that reflects the partially funded nature of the CPP, that is, its reliance on both future contributions and invested assets as a means of financing its future expenditures. Using the open group approach, the Chief Actuary confirms that the CPP, on the basis of the assumptions selected, will continue to meet its financial obligations and is sustainable in the long term.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2017—*continued*

15. Contractual obligations

The CPP, through the CPPIB, has committed to enter into contractual obligations related to the funding of investments. These contractual obligations are generally payable on demand based on the funding needs of the investment subject to the terms and conditions of each agreement. As at March 31, 2017, the contractual obligations totalled $38.9 billion (2016 – $34.7 billion).

As at March 31, 2017, the CPP, through the CPPIB, has made lease and other contractual obligations, which will require future annual payments as follows:

(in millions of dollars)

	2017	2016
Within one year	37	34
After one year but not more than five years	123	115
More than five years	46	67
	206	216

16. Contingent liabilities

(a) Appeals relating to the payment of pensions and benefits

At March 31, 2017, there were 7,182 appeals (2016 – 7,619) relating to the payment of CPP disability benefits. These contingencies are reasonably estimated, using historical information, at an amount of $39.7 million (2016 – $60.5 million), which was recorded as an accrued liability in the CPP 2016–2017 consolidated financial statements.

(b) Other claims and legal proceedings

In the normal course of operations, the CPP is involved in various claims and legal proceedings. The total amount claimed in these actions and their outcomes are not determinable at this time. The CPP records an allowance for claims and legal proceedings when it is likely that there will be a future payment and a reasonable estimate of the loss can be made. No such allowance was recognized in the financial statements for the 2016–2017 and 2015–2016 fiscal years for these claims and legal proceedings.

(c) Guarantees

As part of certain investment transactions, the CPP, through the CPPIB, agreed to guarantee, as at March 31, 2017, up to $3.1 billion (2016 – $2.5 billion) to other counterparties in the event certain investee entities default under the terms of loan and other related agreements.

(d) Indemnifications

The CPP, through the CPPIB, provides indemnifications to its officers, directors, certain others and, in certain circumstances, to various counterparties and other entities. The CPPIB may be required to compensate these indemnified parties for costs incurred as a result of various contingencies such as changes in laws, regulations and litigation claims. The contingent nature of these indemnification agreements prevents the CPPIB from making a reasonable estimate of the maximum potential payments the CPPIB could be required to make. To date, the CPPIB has not received any material claims nor made any material payments pursuant to such indemnifications.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2017—*continued*

17. Related party transactions

The CPP enters into transactions with the Government of Canada in the normal course of business, which are recorded at the exchange value. The costs are based on estimated allocations of costs and are charged to the CPP in accordance with various memoranda of understanding. Details of these transactions are provided in the Government of Canada (GoC) operating expenses in Note 12.

As stated in Note 4, the CPP has $4,442 million (2016 – $4,945 million) of contributions receivable from the Canada Revenue Agency.

18. Supplementary information

The administration of the CPP's assets and activities is shared between various Government of Canada (GoC) departments and the CPPIB. The CPPIB is responsible for investing the majority of the CPP's assets, while the GoC through various federal departments, manages the remainder of the assets, as well as the collection of the CPP contributions and the administration and payments of the CPP benefits. For accountability purposes, the following table presents summary information on the levels of assets and liabilities and sources of income and expenses managed by the GoC and the CPPIB respectively.

(in millions of dollars)

	2017			2016		
	GoC	CPPIB	Total	GoC	CPPIB	Total
Financial assets	4,731	380,794	385,525	5,128	348,013	353,141
Non-financial assets	—	396	396	—	402	402
Liabilities	513	64,513	65,026	494	69,474	69,968
Assets available for benefit payments	4,218	316,677	320,895	4,634	278,941	283,575
Income						
Contributions	46,966		46,966	46,119		46,119
Investment income	1	34,362	34,363	2	10,007	10,009
	46,967	34,362	81,329	46,121	10,007	56,128
Expenses						
Pensions and benefits	42,502		42,502	40,754		40,754
Operating expenses	584	923	1,507	538	876	1,414
	43,086	923	44,009	41,292	876	42,168
Net increase in assets available for benefit payments	3,881	33,439	37,320	4,829	9,131	13,960

Pursuant to Section 108.1 of the *Canada Pension Plan* and the Agreement dated as of April 1, 2004, amounts not required to meet specified obligations of the CPP are transferred weekly to the CPPIB. The funds originate from employer and employee contributions to the CPP and interest income generated from the deposit with the Receiver General.

The CPPIB remits cash to the CPP as required, including the periodic return, on at least a monthly basis, of funds required to meet CPP pensions, benefits and operating expenses obligations.

During the year ended March 31, 2017, a total of $39,517 million (2016 – $38,406 million) was transferred to the CPPIB and a total of $35,220 million (2016 – $33,219 million) was returned to the CPP to meet its liquidity requirements.

Net accumulated transfers to CPPIB

(in millions of dollars)

	2017	2016
Canada Pension Plan Investment Board		
Accumulated transfers to CPPIB	455,608	416,091
Accumulated transfers from CPPIB	(317,806)	(282,586)
Net accumulated transfers to CPPIB	137,802	133,505

Canada Pension Plan—*concluded*

Notes to consolidated financial statements for the year ended March 31, 2017—*concluded*

19. Comparative information

Effective April 1, 2016, currency exposure relating to foreign exchange forward contracts are reflected based on the gross pay and receive amounts in their respective currencies, to reflect the underlying exposures to each currency (refer to Note 5i). These were previously presented based on the fair value of the contract in its settlement currency.

This change in presentation of the currency exposure has been reflected in the comparative figures. Changes to the comparative figures resulted in an overall decrease in net foreign currency exposure of $32,978 million as at March 31, 2016.

As a result of the change identified above, the comparative figures for the sensitivity analysis of currency exposure based on the currency risk sensitivity of +/-5 per cent used last year resulted in an overall decrease in change in net investments of $1,649 million. In addition, the currency risk sensitivity was updated from +/-5 per cent to +/-1 per cent to provide a unit percentage change impact of the potential appreciation/depreciation of the Canadian dollar against other currencies resulting in a further overall decrease in change in net investments of $7,812 million. The combined effect of these changes resulted in an overall decrease in change in net investments of $9,461 million as at March 31, 2016.

During the year the CPP, through CPPIB, identified two transactions from 2015-2016 that were not previously disclosed. Comparative figures have been updated in Note 7 to reflect these transactions resulting in an increase of $5,456 million in private equities pledged as collateral and an increase of $46 million in other debt pledged as collateral as at March 31, 2016.

Government Annuities Account

Management's responsibility for financial statements

The financial statements of the Government Annuities Account are prepared in accordance with Canadian accounting standards for pension plans by the management of Employment and Social Development Canada. Management is responsible for the integrity and objectivity of the information in the financial statements, including the amounts which must, of necessity, be based on best estimates and judgment. The significant accounting policies are identified in Note 2 to the financial statements.

To fulfill its accounting and reporting responsibilities, management has developed and maintains books of account, financial and management controls, information systems and management practices. These systems are designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Government Annuities Improvement Act* and the *Government Annuities Act* and regulations.

The Auditor General of Canada, the external auditor of the Government Annuities Account, conducts an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards and provides a report to the Minister of Families, Children and Social Development.

Louise Levonian
Deputy Minister
Employment and Social Development Canada

Mark Perlman, CPA, CMA
Chief Financial Officer
Employment and Social Development Canada

Gatineau, Canada
August 29, 2017

Government Annuities Account—*continued*

Report of the Actuary

The Office of the Chief Actuary, Office of the Superintendent of Financial Institutions Canada, has the mandate of performing the annual actuarial valuation of the Government Annuities Account (the "Account") as at 31 March 2017. The purpose of this valuation is to determine the actuarial liabilities and financial position of the Account as at 31 March 2017. The results of the valuation are included in the *Public Accounts of Canada* as well as in the Account's financial statements.

As at 31 March 2017, the actuarial liabilities presented in the *Public Accounts of Canada* and used to determine the amount charged to the Account and credited to the Consolidated Revenue Fund, are based on prescribed mortality rates. In addition, the actuarial liabilities presented in the statement of financial position, statement of changes in net assets available for benefits, and statement of changes in pension obligations of the Account's financial statements, are based on best estimate experience-adjusted mortality rates.

The valuation of the Account's actuarial liabilities and financial position is therefore based on:

- membership data as at 31 March 2017 provided by Employment and Social Development Canada (ESDC) and Service Canada;
- asset data provided by ESDC;
- a seven per cent annual interest rate as prescribed by the *Government Annuities Regulations*;
- for purposes of the *Public Accounts of Canada*, mortality rates as prescribed by the *Government Annuities Regulations*, that is, the Annuity Table for 1983, for individual and group annuities, as modified by Projection Scale G published by the Society of Actuaries; and
- for purposes of the Account's financial statements, best estimate experience-adjusted mortality rates.

The Account's assets are notional and in the form of a deposit with the Receiver General for Canada. Therefore, actuarial liabilities equal the present value of future payments discounted at the prescribed interest rate. Since administrative expenses are paid by the government out of general funds, no provision for expenses is made in the valuation. This valuation contains no added margins for adverse deviation.

In our opinion, considering that the valuation is prepared pursuant to the *Government Annuities Act* and the *Government Annuities Improvement Act*:

- the data on which our valuation is based are sufficient and reliable for the purpose of the valuation;
- the assumptions used for purposes of the *Public Accounts of Canada* comply with legislative requirements;
- the mortality assumption used for purposes of the Accounts financial statements is reasonable and appropriate; all other assumptions comply with legislative requirements;
- the methodology employed is appropriate and consistent with sound actuarial principles; and
- the actuarial valuation is appropriate, it conforms to statutory requirements and the financial statements fairly present its results.

Our valuation has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada. As at 29 August 2017, there are no subsequent events of which we are aware that would have an impact on the valuation. The next valuation will be performed as at 31 March 2018.

Michel Millette
Senior Actuary
Fellow of the Canadian Institute of Actuaries
Office of the Chief Actuary

Thierry Truong
Actuarial Officer
Fellow of the Society of Actuaries
Office of the Chief Actuary

Assia Billig
Senior Acrtuary
Fellow of the Canadian Institute of Actuaries
Office of the Chief Actuary

Office of the Superintendent of Financial Institutions Canada
Ottawa, Canada
29 August 2017

Government Annuities Account—*continued*

Independent Auditor's Report

To the Minister of Families, Children and Social Development

Report on the financial statements

I have audited the accompanying financial statements of the Government Annuities Account, which comprise the statement of financial position as at 31 March 2017, and the statement of changes in net assets available for benefits and statement of changes in pension obligations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Government Annuities Account as at 31 March 2017, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Report on other legal and regulatory requirements

In my opinion, the transactions of the Government Annuities Account that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Government Annuities Improvement Act*, and the *Government Annuities Act* and regulations.

Heather McManaman, CPA, CA
Principal
for the Auditor General of Canada

29 August 2017
Halifax, Canada

Government Annuities Account—*continued*

Statement of financial position as at March 31

(in thousands of Canadian dollars)

	2017	2016
Net assets available for benefits		
Accounts receivable	44	59
Pension obligations		
Actuarial present value of accrued benefits (Note 3)	114,318	126,484
Deficit to be financed by the Government of Canada (Note 4)	**114,274**	**126,425**

The accompanying notes are an integral part of these financial statements.

Approved by:

Louise Levonian
Deputy Minister
Employment and Social Development Canada

Mark Perlman, CPA, CMA
Chief Financial Officer
Employment and Social Development Canada

Statement of changes in net assets available for benefits for the year ended March 31

(in thousands of Canadian dollars)

	2017	2016
Paid by the Government of Canada		
Premiums (Note 4)	(4)	(5)
Annuity payments (Note 4)	21,360	23,493
Premium refunds and other (Note 4)	27	107
	21,383	23,595
Amount paid through the Consolidated Revenue Fund	(21,383)	(23,595)
Administrative expenses		
Services received without charge (Note 2 (c) and Note 5)	1,590	1,802
Services contributed by Employment and Social Development Canada (Note 2 (c) and Note 5)	(1,590)	(1,802)
Change in accounts receivable and decrease in net assets	**(15)**	**(61)**
Net assets available for benefits at beginning of year	59	120
Net assets available for benefits at end of year	**44**	**59**

The accompanying notes are an integral part of these financial statements.

Statement of changes in pension obligations for the year ended March 31

(in thousands of Canadian dollars)

	2017	2016
Actuarial present value of accrued benefits at beginning of year	**(126,484)**	**(141,435)**
Interest and other income	(8,194)	(9,143)
Benefits paid	21,402	23,661
Experience (losses) gains	(598)	433
Change in mortality assumptions (Note 4)	(444)	—
Actuarial present value of accrued benefits at end of year (Note 3)	**(114,318)**	**(126,484)**

The accompanying notes are an integral part of these financial statements.

Government Annuities Account—*continued*

Notes to the financial statements for the year ended March 31, 2017

1. Authority, objective and responsibilities

The Government Annuities Account (the Account) was established in 1908 by the *Government Annuities Act*, as modified by the *Government Annuities Improvement Act*.

The purpose of the *Government Annuities Act* was to assist individuals and groups of Canadians to prepare financially for their retirement by purchasing Government Annuities. In 1975, the *Government Annuities Improvement Act* discontinued future sales of Government Annuity contracts. Annuities are deferred until their maturity date, at which time payments to annuitants begin.

The Account is administered by Employment and Social Development Canada (ESDC) and operates through the Consolidated Revenue Fund.

2. Significant accounting policies

(a) Basis of presentation

The financial statements of the Account are prepared in accordance with Canadian accounting standards for pension plans (Section 4600) on a going concern basis. They are prepared in Canadian dollars, the Account's functional currency. Section 4600 requires pension plans of publicly accountable enterprises to comply on a consistent basis with International Financial Reporting Standards (IFRS) to the extent that those standards do not conflict with the requirements of Section 4600, which take precedence.

The financial statements for the year ended March 31, 2017 were authorized for issue by the signatories on August 29th, 2017.

(b) Actuarial present value of accrued benefits

The method utilized to calculate the actuarial present value of accrued benefits comprises, in respect of deferred and matured annuities, the present value of such annuities actuarially determined on the basis of prescribed interest rates and best estimate experience-adjusted mortality tables.

(c) Services received without charge

Administrative services received without charge from ESDC are recorded in the statement of changes in net assets available for benefits at their estimated cost. A corresponding amount is credited directly to the statement of changes in net assets available for benefits.

(d) Measurement uncertainty

The preparation of these financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amount of assets, actuarial present value of accrued benefits, and income at the date of the financial statements. The actuarial present value of accrued benefits depends on factors that are determined on an actuarial basis using assumptions such as mortality rates. Any changes in these assumptions will impact the carrying amount of the actuarial present value of accrued benefits. The carrying amount of the actuarial present value of accrued benefits as at the end of the reporting fiscal years is presented in Note 3. Actual results may differ significantly from the estimates and assumptions; therefore it is possible that the amounts for the actuarial present value of accrued benefits and related accounts could change materially in the near term. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Government Annuities Account—*continued*

Notes to the financial statements for the year ended March 31, 2017 *continued*

3. Actuarial present value of accrued benefits

The Office of the Chief Actuary, Office of the Superintendent of Financial Institutions Canada, performs the annual actuarial valuation of the Government Annuities Account as at March 31.

As per the *Government Annuities Improvement Act* and *Government Annuities Regulations*, expected future payments are to be discounted using an annual interest rate of seven per cent. Future payments are to be estimated using the mortality rates from the 1983 mortality tables published by the Society of Actuaries, for individual and group annuities respectively, modified by Projection Scale G. Based on these Act and Regulations, the balance of the Government Annuities Account as presented in Table 6.1 of Volume I of the *Public Accounts of Canada 2017* is $120.5 million ($133.8 million in 2015–2016).

As per a mortality experience study performed by the Office of the Chief Actuary, the actuarial present value of accrued benefits as at March 31, 2017, estimated using experience-adjusted mortality rates, would be $114.3 million ($126.5 million in 2015–2016). This amount is $6.2 million lower than what would be the actuarial present value of accrued benefits estimated using the mortality tables prescribed by regulations ($7.3 million in 2015–2016).

As per Canadian accounting standards for pension plans, the financial statements of the Account need to present management's best estimate of the actuarial present value of accrued benefits. Management determined that the amount of $114.3 million represents its best estimate of the pension obligations. As a result, the mortality assumption used in the calculation of the actuarial present value of the accrued benefits reflects the experience-adjusted mortality rates.

Consequently, the amount of the pension obligation presented in the Account's financial statements differs from the balance of the Account in the *Public Accounts of Canada 2017*.

(in thousands of Canadian dollars)

	2017	2016
Actuarial present value of accrued benefits is comprised of:		
Deferred annuities	3,989	5,004
Mature annuities	110,329	121,480
	114,318	126,484

The average age of annuitants was estimated to be 84.7 years and the remaining life of the Account was estimated at 42 years as at March 31, 2017.

The next actuarial valuation will be performed as at March 31, 2018.

4. Deficit to be financed by the Government of Canada

The *Government Annuities Act* provided authority for the Government of Canada to sell annuities to the Canadian Public. The Government of Canada has entered into individual annuity contracts with a promise to pay the annuities and is required under the Act to keep an account, the Government Annuities Account, in the Consolidated Revenue Fund to record all transactions related to these annuities. These transactions include all moneys received and paid, the assets and liabilities relating to the granting of an annuity, unclaimed and reclaimed annuities and the liability representing the present value of prospective annuities contracted. It also includes the accrual of interest earned.

(in thousands of Canadian dollars)

	2017	2016
Liability of the Government of Canada at beginning of year	**126,425**	**141,315**
Accrued interest	8,045	9,006
Premiums	4	5
Reclaimed annuities	172	206
Annuity payments	(21,360)	(23,493)
Premium refunds and other	(27)	(107)
Unclaimed annuities	(27)	(74)
Experience losses (gains)	598	(433)
Change in mortality assumptions	444	
	(12,151)	(14,890)
Liability of the Government of Canada at end of year	**114,274**	**126,425**

Government Annuities Account—*concluded*

Notes to the financial statements for the year ended March 31, 2017—*concluded*

Accrued interest

Interest is recorded on an accrual basis and is calculated on the actuarial present value of accrued benefits as prescribed by the *Government Annuities Improvement Act* and the *Government Annuities Regulations*.

Premiums

Premiums are deposited in the Consolidated Revenue Fund.

Reclaimed annuities

Reclaimed annuities represent previously unclaimed amounts of annuitants that could not be located. If the annuitants are subsequently located, the actuarial present value of these annuities is paid.

Unclaimed annuities

Unclaimed annuities represent amounts of annuities that could not be paid because the annuitants could not be located.

Actuarial gains and losses

At the end of any fiscal year, the amount of the actuarial present value of accrued benefits may be different than the amount of actuarial liabilities due to changes resulting from experience adjustment and the effects of changes in actuarial assumptions.

For experience gains or losses, there are no new contracts purchased under the *Government Annuities Act*, the main sources of experience gains or losses are mortality and retirements of existing members. Mortality gains and losses include changes in expected future payments due to death or survival of annuitants and the difference between actual and expected benefit payments during the year.

For changes in mortality assumptions, management's best estimate of the actuarial present value of accrued benefits is calculated based on mortality rates used for the actuarial assessments of the Canada Pension Plan (CPP). The actuarial present value of accrued benefits as at March 31, 2017, was estimated based on mortality rates used in the *Twenty-seventh Actuarial Report on the CPP* while the amount as at March 31, 2016, was based on mortality rates used in the *Twenty-sixth Actuarial Report on the CPP*.

5. Related party transactions

The Account is related to Government departments, agencies and Crown corporations through common control held by the Government of Canada. There were no further significant transactions with related parties other than those described in Note 2(c), Services received without charge. These administrative services include the following:

(in thousands of Canadian dollars)

	2017	2016
Salaries	1,109	1,329
Operating costs	418	406
Actuarial services	63	67
Services received without charge	**1,590**	**1,802**

Royal Canadian Mounted Police (Dependants) Pension Fund

Management responsibility for financial statements

Responsibility for the integrity and fairness of the financial statements of the Royal Canadian Mounted Police (Dependants) Pension Fund rests with the management of the Royal Canadian Mounted Police.

The financial statements of the Royal Canadian Mounted Police (Dependants) Pension Fund have been prepared in accordance with Canadian accounting standards for pension plans. The financial statements include management's best estimates and judgments where appropriate.

To fulfill its accounting and reporting responsibilities, management has developed and maintained books, records, internal controls and management practices designed to provide reasonable assurance as to the reliability of the financial information and to ensure that transactions are in accordance with the *Royal Canadian Mounted Police Pension Continuation Act* and regulations as well as the *Financial Administration Act* and regulations.

These financial statements have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.

Approved by:

Daniel G.J. Dubeau, D/Commr.
Acting Commissioner

Dennis Watters, CPA, CA, CFE
Chief Financial and Administrative Officer

August 29, 2017

Royal Canadian Mounted Police (Dependants) Pension Fund—*continued*

Independent Auditor's Report

To the Minister of Public Safety and Emergency Preparedness

Report on the financial statements

I have audited the accompanying financial statements of the Royal Canadian Mounted Police (Dependants) Pension Fund, which comprise the statement of financial position as at 31 March 2017, and the statement of changes in net assets available for benefits and statement of changes in pension obligations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Royal Canadian Mounted Police (Dependants) Pension Fund as at 31 March 2017, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Report on other legal and regulatory requirements

In my opinion, the transactions of the Royal Canadian Mounted Police (Dependants) Pension Fund that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the applicable provisions of the *Financial Administration Act* and regulations, and the *Royal Canadian Mounted Police Pension Continuation Act* and regulations.

Margaret Haire, CPA, CA
Principal
for the Auditor General of Canada

29 August 2017
Ottawa, Canada

Royal Canadian Mounted Police (Dependants) Pension Fund—*continued*

Statement of financial position
as at March 31

(in Canadian dollars)

	2017	2016
Liabilities		
Pension benefits payable (Note 3)	334,983	334,446
Net assets available for benefits	**(334,983)**	**(334,446)**
Pension obligations (Note 4)	**14,390,621**	**15,766,250**
Deficit to be financed by the Government of Canada (Note 5)	**(14,725,604)**	**(16,100,696)**

The accompanying notes are an integral part of these financial statements.

Approved by:

Daniel G.J. Dubeau, D/Commr.
Acting Commissioner

Dennis Watters, CPA, CA, CFE
Chief Financial and Administrative Officer

August 29, 2017

Statement of changes in net assets available for benefits
year ended March 31

(in Canadian dollars)

	2017	2016
Net assets available for benefits, beginning of year	**(334,446)**	**(395,179)**
Decrease (increase) in pension benefits payable	(537)	60,733
Net assets available for benefits, end of year	**(334,983)**	**(334,446)**

The accompanying notes are an integral part of these financial statements.

Statement of changes in pension obligations
year ended March 31

(in Canadian dollars)

	2017	2016
Pension obligations, beginning of year	**15,766,250**	**17,710,637**
Net interest accrued on benefits	672,153	789,099
Past service contributions from participants	2,856	3,060
Changes in actuarial assumptions (Note 6)	282,283	
Experience losses (gains)	289,360	(161,176)
Survivor benefit payments and transfers to pension benefits payable	(2,622,281)	(2,575,370)
Pension obligations, end of year	**14,390,621**	**15,766,250**

The accompanying notes are an integral part of these financial statements.

Royal Canadian Mounted Police (Dependants) Pension Fund—*continued*

Notes to the financial statements for the year ended March 31, 2017

1. Description of the Fund

The following is a summary description of the Royal Canadian Mounted Police (Dependants) Pension Fund.

(a) General

The Royal Canadian Mounted Police (Dependants) Pension Fund (the Fund) was established in 1934 pursuant to the *Royal Canadian Mounted Police Act* and is currently operated under Part IV of the *Royal Canadian Mounted Police Pension Continuation Act* (the *Act*) (effective 1959) and the related Regulations.

The *Act* provides for members of the Force, other than commissioned officers, appointed before March 1, 1949, the right to purchase certain survivorship benefits for their dependants by payment of specified contributions.

The Royal Canadian Mounted Police (RCMP) is responsible for the management of the Fund and Public Services and Procurement Canada (PSPC) provides the day-to-day administration of the Fund. The Office of the Chief Actuary (OCA) of the Office of the Superintendent of Financial Institutions (OSFI) performs periodic actuarial valuations of the Fund.

All monetary transactions of the Fund are made through a specified purpose account in the Consolidated Revenue Fund (CRF).

The Fund is accounted for using the standards applicable to a defined benefit pension plan as described in Note 2(a).

(b) Funding policy

All eligible members have now retired and, as such, there are no more active members contributing to the Fund; however, retired members may continue to make instalment payments in respect of previous elections made before their retirement.

The *Act* directs the Minister of Finance to have an actuarial valuation for funding purposes prepared at least every five years. If the actuarial valuation discloses a surplus, the Governor in Council may, by order, increase the benefit payments. If there is an actuarial deficiency, the Governor in Council may direct that there be amounts transferred to the Fund, out of any unappropriated moneys in the CRF, as may be required to re-establish the solvency of the Fund.

(c) Survivor benefit payments

The following benefits, as applicable, are payable on the death of a member who has made the scheduled contributions and has left them in the Fund.

i. Widow's pension benefit

The widow is entitled to the pension purchased by the member. In many cases the pension benefit equals approximately 1.5 per cent of the member's final pension benefit payment multiplied by his years of credited service. The pension benefit is payable for life with a guarantee that the total payments shall be no less than the member's contributions.

ii. Lump sum benefits

If a member is not survived by a widow, a lump sum payment is made to the dependants and relatives of the member who are, in the opinion of the Minister, best entitled to share the benefit.

iii. Benefit limitations

Under certain circumstances, the basic death benefits payable to a surviving widow are reduced. This can occur when a member marries after age 60; in that case, the value of the pension to the widow cannot exceed the lump sum payable if he were not survived by a widow.

Royal Canadian Mounted Police (Dependants) Pension Fund—*continued*

Notes to the financial statements for the year ended March 31, 2017—*continued*

(d) Dividends on survivor benefit payments

The *Act* provides that if the Fund is substantially in excess of the amount required to make adequate provision for the prospective payments, the Governor in Council may, by order, increase the benefits provided under Part IV of the *Act* in such manner as may appear equitable and expedient. The authority of the Governor in Council is delegated to the Treasury Board under section 7(2) of the *Financial Administration Act*.

To date, most of these benefit increases have taken the form of proportionate dividends applied to all basic death benefits, both accrued and prospective.

(e) Withdrawal of contributions

A retired member who did not elect to withdraw his contributions from the Fund upon retirement retains the right to do so at any time thereafter; however, all his rights under Part IV of the *Act* and those of his dependants shall cease upon such election. All returns of contributions are made without interest.

2. Significant accounting policies

(a) Basis of presentation

These financial statements present information on the Fund as a separate financial reporting entity independent of the sponsor and Fund members, on a going concern basis. They are prepared to assist Fund members and others in reviewing the activities of the Fund for the year, but they are not meant to portray the funding requirements of the Fund.

These financial statements are prepared in Canadian dollars, the Fund's functional currency, in accordance with Canadian accounting standards for pension plans in Part IV of the Chartered Professional Accountants (CPA) Canada Handbook, Section 4600. Section 4600 provides specific accounting guidance on investments and pension obligations.

For accounting policies that do not relate to either investments or pension obligations, the Fund complies with International Financial Reporting Standards (IFRS) in Part I of the CPA Canada Handbook. To the extent that IFRS in Part I is inconsistent with Section 4600, Section 4600 takes precedence.

The financial statements for the year ended March 31, 2017 were authorized for issue by the signatories on August 29, 2017.

(b) Significant accounting policies

The significant accounting policies are as follows:

i. Survivor benefit payments

Benefits are recognized on an accrual basis as a reduction of pension obligations and net assets available for benefits upon the death of a member who has made the scheduled contributions and has left them in the Fund or upon the death of a widow.

ii. Pension obligations

The present value of pension obligations is calculated using the projected benefit method prorated on pensionable service, based on management's best estimate assumptions.

iii. Services provided without charge and related party transactions

The Fund does not record the value of administrative services it receives without charge from various government departments and agencies as they are insignificant in the context of the financial statements taken as a whole. These services include the following:

- Financial management and other support services from the RCMP;
- Actuarial valuation and other services from the OCA;
- Office of the Auditor General of Canada audit costs.

Royal Canadian Mounted Police (Dependants) Pension Fund—*continued*

Notes to the financial statements for the year ended March 31, 2017—*continued*

(c) Sources of estimation uncertainty

In preparing these financial statements, management uses estimates and assumptions that primarily affect the reported amounts of liabilities and related disclosures.

In making estimates and using assumptions, management relies on external information and observable conditions where possible. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ significantly from the estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The pension obligations are the most significant item where estimates and assumptions are used. The pension obligations depend on a number of factors that are determined on an actuarial basis using a number of estimates and assumptions, such as discount rates (future interest rates used to credit the Fund), mortality rates, proportion of members married, and age of new widows. The Fund consults with external actuaries from the OCA regarding these estimates and assumptions annually. Any changes will impact the carrying amount of the pension obligations. Details of these estimates and assumptions have been disclosed in Note 4.

3. Pension benefits payable

Pension benefits payable represent the lump sum benefits that became payable upon the death of members or widows during the year but had not yet been approved by the Minister for payment. At March 31, 2017, the pension benefits payable were $334,983 (2016 – $334,446).

4. Pension obligations

The present value of pension obligations is calculated actuarially by the OCA using the projected benefit method prorated on pensionable service and management's best estimate assumptions. Actuarial valuations for funding purposes are to be performed not more than five years apart. The most recent actuarial valuation for funding purposes was conducted as of March 31, 2016, and tabled in Parliament on January 18, 2017. The next actuarial valuation for funding purposes as of March 31, 2019, will be tabled in Parliament in 2020.

The most recent actuarial valuation for funding purposes disclosed an actuarial surplus of $1,348,000. On April 13, 2017, an Order in Council approved that a portion of this surplus be distributed by annual effective increases in the pension amount of 1.9 per cent as at April 1, 2017, 1.9 per cent as at April 1, 2018, and 1.9 per cent as at April 1, 2019 and by increases to lump sum death benefits and residual payments.

The remaining balance of the actuarial surplus is intended to be used over the remaining life of the Fund for the payment of increases in the pension benefits. At March 31, 2017, the average age of members was estimated to be 92.2 years and the average age of widows was estimated to be 89.4 years. The remaining life of the Fund was estimated at 29 years based on the statutory actuarial valuation as at March 31, 2016.

An actuarial valuation for accounting purposes is conducted annually by the OCA using the projected benefit method prorated on pensionable service and management's best estimate economic and non-economic assumptions.

The non-economic assumptions include considerations such as mortality rates, proportion of members married, and age of new widows. Mortality rates for members are based on mortality rates for male Regular Members from the actuarial report on the pension plan for the Royal Canadian Mounted Police as at March 31, 2015. Mortality rates for widows are based on those of the 2014 Canadian Pensioners Mortality Table (CPM2014). Mortality rates are reduced in the future with the same mortality improvement assumptions made for the Actuarial Report on the Canada Pension Plan as at the date of the actuarial valuation for funding purposes. The primary economic assumptions relate to future interest rates used to credit the Fund. The interest rate is derived from the yield on a notional long-term portfolio of 20-year Government of Canada bonds issued at prescribed interest rates and held to maturity, as at the date of the actuarial valuation for funding purposes. The assumptions used in the actuarial valuation for funding purposes are evaluated for continued relevancy and the valuation for accounting purposes is adjusted by the actuary for transactions occurring during the period, including experience gains due to changes in the Fund's member and widow population. The information in these financial statements is based on this annual valuation conducted as at March 31, 2017. At that date, the present value of pension obligations was $14,390,621 (2016 - $15,766,250).

Royal Canadian Mounted Police (Dependants) Pension Fund—*concluded*

Notes to the financial statements for the year ended March 31, 2017—*concluded*

The interest rate for the year-ended March 31, 2017, is 4.4 per cent (2016 – 4.8 per cent) per annum. The expected long-term interest rate is estimated to decline to 3.1 per cent (2016 – 4.1 per cent) per annum by the year 2031 (2016 – by the year 2024) and to rise to an ultimate level of 4.6 per cent (2016 – 5.0 per cent). Variations in any of these assumptions can result in a significantly higher, or lower, estimate of the liability.

During the year, no amendments were made to the Fund (2016 – nil).

5. Deficit to be financed by the Government of Canada

All transactions of the Fund are made through a specified purpose account in the CRF and are reported in the *Public Accounts of Canada*. This includes receiving contributions, recording interest earned on the Fund and paying survivor benefits.

The government has a statutory obligation to pay benefits relating to the Fund. This pension obligation is to the survivors of the participants who contributed to the Fund over the years. However, if the Fund is substantially in excess of the amount required to make adequate provision for the prospective payments, the Governor in Council may increase benefits in order to disburse the surplus to the survivors. As a result, the government has an obligation to the beneficiaries for the balance of the Fund as reported in the specified purpose account. The following table illustrates these obligations as at March 31:

(in Canadian dollars)

	2017	2016
Opening balance, specified purpose account	**17,672,931**	**19,370,510**
Receipts and other credits	741,324	877,794
Payments and other charges	(2,622,280)	(2,575,373)
Closing balance, specified purpose account	**15,791,975**	**17,672,931**
Deficit to be financed by the Government of Canada	(14,725,604)	(16,100,696)
Excess owed to beneficiaries	**1,066,371**	**1,572,235**

6. Changes in Actuarial Assumptions

Changes in actuarial assumptions include changes to widow mortality, long term Fund yield and member mortality assumptions. At March 31, 2017, the pension obligations increased by $282,283 (2016 – nil) as a result of the changes in actuarial assumptions.

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Section 7

2016–2017

Public Accounts of Canada

Cash and accounts receivable

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Cash and accounts receivable

This section contains information on accounts reported on the Consolidated Statement of Financial Position under Cash and accounts receivable.

Table 7.1 presents the year-end balances of cash and accounts receivable by category.

Table 7.1
Cash and accounts receivable

(in dollars)

	March 31, 2017	March 31, 2016
Cash and cash equivalents, Table 7.2	36,499,851,457	38,570,478,125
Taxes receivable, Table 7.3	110,513,892,571	105,847,388,439
Other accounts receivable, Table 7.5	11,041,333,476	10,270,215,970
Total cash and accounts receivable	158,055,077,504	154,688,082,534

Cash and cash equivalents

Cash consists of public moneys on deposit and cash in transit at March 31. Cash in bank consists of public moneys on deposit to the credit of the Receiver General for Canada, with the Bank of Canada, chartered banks and other financial institutions. Cash with the Bank of Canada includes operational balances and balances held for the Prudential Liquidity Fund. Cash in transit consists of public moneys received by public officers prior to April 1, but not deposited by that date as well as cash held by consolidated Crown corporations and other entities. Outstanding cheques and warrants are deducted to arrive at the closing cash balance.

Cash equivalents consist mainly of term deposits resulting from auctions administered by the Bank of Canada and the Department of Finance on behalf of the Minister of Finance. The short term deposits, denominated in Canadian dollars, are made from a portion of the daily surplus of cash balance and have a short term maturity, usually not exceeding 31 calendar days.

Table 7.2 presents a summary of the cash and cash equivalents.

Table 7.2
Cash and cash equivalents

(in dollars)

	March 31, 2017	March 31, 2016
Cash in bank		
Canadian currency[1]	22,506,060,234	22,454,849,973
Foreign currencies[2]	1,146,895,404	2,548,439,002
Special deposits[3]	50,000,000	50,000,000
Total cash in bank	23,702,955,638	25,053,288,975
Cash in transit		
Cash in hands of collectors and in transit	9,651,966,363	10,911,316,514
Other cash Consolidated Crown corporations and other entities[4]	1,104,872,000	892,706,000
Total cash in transit	10,756,838,363	11,804,022,514
Less: Outstanding cheques and warrants		
Outstanding cheques[5]	4,284,882,440	4,521,769,048
Imprest account cheques[6]	96,104	101,721
Total outstanding cheques and warrants	4,284,978,544	4,521,870,769
Total cash	30,174,815,457	32,335,440,720
Cash equivalents	6,325,036,000	6,235,037,405
Total cash and cash equivalents	36,499,851,457	38,570,478,125

[1] Included in Canadian currency is $20 billion ($20 billion in 2016) with respect to the Prudential Liquidity Fund.

[2] These balances denominated in US dollars include cash and cash equivalents which have been translated into Canadian dollars at March 31.

[3] These are balances in the hands of financial institutions for the reimbursement of GST refund payments issued by the Ministère du Revenu du Québec on behalf of the Government.

[4] These funds are not public moneys to the credit of the Receiver General for Canada but are for the exclusive use of consolidated Crown corporations and other entities.

[5] Receiver General cheques issued in Canadian dollars, and outstanding are recorded in this account. Cheques outstanding for 10 years are transferred to other revenues. During the year, an amount of $59,396,815 ($46,274,963 in 2016) was transferred to other revenues. Cheques in foreign currencies are credited to the Government's cash account at the time of issue.

[6] Imprest account cheques issued and unpaid at March 31, with the exception of those outstanding for 10 years or more (which have been transferred to other revenues), are recorded in this account.

Taxes receivable

Taxes receivable include amounts assessed by Canada Revenue Agency and the Canada Border Services Agency but not yet collected, as well as estimates of unassessed taxes at year end. Amounts receivable also include related amounts for interest and penalties.

Taxes receivable include taxes, premiums and contributions collectable on behalf of others such as provincial and territorial governments and the Canada Pension Plan. These amounts have also been included in liabilities.

The Government establishes an allowance for doubtful accounts to reduce the carrying value of the taxes receivable to amounts that approximate their net realizable value.

Table 7.3 presents taxes receivable by tax stream. Amounts receivable that are written off or forgiven are included in Section 2 of Volume III (Debts, obligations and claims written off or forgiven).

Table 7.3
Taxes receivable as at March 31

(in dollars)

	2017			2016		
	Gross taxes receivable	Allowance for doubtful accounts	Net taxes receivable	Gross taxes receivable	Allowance for doubtful accounts	Net taxes receivable
Taxes receivable						
Income taxes receivable						
Individuals	59,810,970,827	7,061,549,731	52,749,421,095	60,869,308,792	6,997,324,911	53,871,983,881
Employers	21,592,364,767	1,181,565,295	20,410,799,472	19,568,633,068	1,134,713,283	18,433,919,785
Corporations	18,915,799,715	2,813,624,506	16,102,175,209	18,183,660,374	2,528,528,152	15,655,132,222
Non-residents	1,728,906,637	141,619,019	1,587,287,618	1,510,732,853	132,147,710	1,378,585,143
Goods and services taxes receivable	20,280,560,582	2,502,246,028	17,778,314,554	17,959,424,759	2,962,220,840	14,997,203,919
Customs duties receivable	603,622,255	38,085,461	565,536,794	267,740,003	102,658,775	165,081,228
Excise taxes and duties receivable	1,834,458,651	514,100,822	1,320,357,829	1,817,961,293	472,479,032	1,345,482,261
Total	124,766,683,433	14,252,790,862	110,513,892,571	120,177,461,142	14,330,072,703	105,847,388,439

Table 7.4 presents the aging for taxes receivable for the period over which claims at March 31 have been outstanding. Receivables based on estimates of unassessed taxes at year end are included in current receivables.

Table 7.4
Aging of taxes receivable

(in dollars)

	Year ended March 31	
	2017	2016
Taxes receivable		
Less than one year	80,193,932,239	77,310,061,861
1-2	8,215,769,761	7,122,526,674
2-3	5,731,393,837	5,572,184,339
3-4	4,938,363,937	5,072,838,141
4-5	4,789,695,152	4,072,259,084
Over 5 years	20,897,528,507	21,027,591,043
Total	124,766,683,433	120,177,461,142

Other accounts receivable

Other accounts receivable represent billed (but uncollected) and unbilled or accrued financial claims arising from amounts owed to the Government for use of its assets or from the proceeds for provision of services, and cash collateral pledged to counterparties, as of March 31, 2017.

Amounts receivable written off or forgiven are included in Section 2 of Volume III (Debts, obligations and claims written off or forgiven).

Table 7.5 presents a summary of the balances for other accounts receivable.

Table 7.5
Other accounts receivable as at March 31

(in dollars)

	2017			2016		
	Gross receivables	Allowance for doubtful accounts	Net receivables	Gross receivables	Allowance for doubtful accounts	Net receivables
Other receivables[1]	6,544,841,070	2,366,534,119	4,178,306,951	6,338,338,881	2,597,829,606	3,740,509,275
Cash collateral pledged to counterparties[2]	6,873,298,525		6,873,298,525	6,556,958,695		6,556,958,695
Less: Consolidation adjustment	10,272,000		10,272,000	27,252,000		27,252,000
Total	13,407,867,595	2,366,534,119	11,041,333,476	12,868,045,576	2,597,829,606	10,270,215,970

Certain comparative figures have been reclassified to conform to the current year's presentation. Details on the reclassification are provided in Note 2, Section 2 of this volume.

[1] Other receivables are the financial claims owed to the Government and arising from other revenues.

[2] Cash collateral pledged to counterparties represents collateral support under International Swaps and Derivatives Association (ISDA) master agreements in respect of outstanding cross-currency swap arrangements.

Table 7.6 presents the aging of other accounts receivable for the period over which claims at March 31 have been outstanding.

Table 7.6
Aging of other accounts receivable

(in dollars)

	Year ended March 31	
	2017	2016
Not past due	2,801,023,064	2,281,157,874
Number of days past due		
1-30	241,522,210	265,662,940
31-60	71,681,132	86,665,488
61-90	55,101,933	65,428,838
91-365	310,071,228	469,022,889
Over 365	698,907,384	572,571,246
Total	4,178,306,951	3,740,509,275
Cash collateral pledged to counterparties	6,873,298,525	6,556,958,695
Less: Consolidation adjustment	10,272,000	27,252,000
Total	11,041,333,476	10,270,215,970

Certain comparative figures have been reclassified to conform to the current year's presentation. Details on the reclassification are provided in Note 2, Section 2 of this volume.

Section 8

2016–2017

Public Accounts of Canada

Foreign exchange accounts

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Foreign exchange accounts

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations. Financial claims and obligations denominated in foreign currencies are reported at Canadian dollar equivalents at March 31. Investment income from the foreign exchange accounts and net gains and losses resulting from the translation of the net assets denominated in foreign currencies, to Canadian dollar equivalents as at March 31, are recorded in foreign exchange net revenues on the Consolidated Statement of Operations and Accumulated Deficit.

Table 8.1 presents the continuity of each foreign exchange account, by showing the opening and closing balances, as well as payments and other charges and receipts and other credits. It should be noted, however, that this table excludes unmatured debt payable in foreign currencies, amounting to $17,609 million as at March 31, 2017 ($22,482 million as at March 31, 2016); details relating to these obligations are presented in Section 6 of this volume. A narrative description is provided for accounts reported in some tables. Such descriptions follow the same presentation order as their respective tables.

Table 8.1
Foreign exchange accounts

(in dollars)

	April 1, 2016	Payments and other charges	Receipts and other credits	March 31, 2017
International reserves held in the Exchange Fund Account, Table 8.2	101,379,461,151	33,747,137,140	28,459,022,027	106,667,576,264
International Monetary Fund—Subscriptions	20,169,658,158	–	277,361,325	19,892,296,833
International Monetary Fund—Loans	1,278,000,517	–	152,913,472	1,125,087,045
	122,827,119,826	*33,747,137,140*	*28,889,296,824*	*127,684,960,142*
Less:				
International Monetary Fund—Notes payable	18,332,452,000	510,452,000	260,200,000	18,082,200,000
Special drawing rights allocations	10,955,971,544	150,660,103	–	10,805,311,441
	29,288,423,544	*661,112,103*	*260,200,000*	*28,887,511,441*
Total	93,538,696,282	34,408,249,243	29,149,496,824	98,797,448,701

International reserves held in the Exchange Fund Account

This account records the moneys advanced from the Government to the Exchange Fund Account, in Canadian and other currencies, for the purchase of gold, foreign currencies and securities, and special drawing rights (SDRs).

The Exchange Fund Account is operated under the provisions of the *Currency Act*. The financial statements at March 31, 2017, are found at the end of this section.

Table 8.2 shows international reserves held in and advances to the Exchange Fund Account as at March 31, 2017.

In 2016–2017, payments and other charges consisted of advances to the Exchange Fund Account in the amount of $31,750 million, an adjustment of $1,997 million to recognize the net income of the Exchange Fund Account for the period April 1, 2016 to March 31, 2017. Receipts and other credits consisted of repayments of advances of $28,411 million and a net valuation adjustment of $48 million.

Table 8.2
International reserves held in the Exchange Fund Account

(in millions of dollars)

	March 31, 2017	March 31, 2016
US dollar cash and cash equivalents	11,819	5,303
US dollar short-term deposits	67	
US dollar marketable securities	53,723	56,638
Euro cash and cash equivalents	2,188	304
Euro marketable securities	17,937	20,162
British pound sterling cash and cash equivalents	131	114
British pound sterling marketable securities	9,294	7,534
Japanese yen cash and cash equivalents	8	181
Japanese yen marketable securities	1,323	712
Special drawing rights	10,178	10,431
Total	106,668	101,379
Advances by the Consolidated Revenue Fund were denominated as follows:		
US dollar	67,839	64,406
Euro	18,750	19,415
British pound sterling	9,385	7,653
Japanese yen	1,305	871
Special drawing rights (2017, SDR 3,435 million; 2016, SDR 3,435 million)	6,198	6,285
Canadian dollar	1,194	562
Total advances from the Consolidated Revenue Fund	104,671	99,192
Total net revenue for the year	1,997	2,187
Total	106,668	101,379

International Monetary Fund

Subscriptions

This account records the value of Canada's subscription (its "quota") to the capital of the International Monetary Fund (IMF).

The amount by which the sum of Canada's subscriptions plus loans to the IMF under special facilities exceeds the IMF's holdings of Canadian dollars represents the amount of foreign exchange which Canada is entitled to draw from the IMF on demand for balance of payments purposes. The subscription is expressed in terms of SDR, a unit of account defined in terms of a "basket" of five major currencies, the Euro, the US dollar, the British pound sterling, the Japanese yen and the Chinese renminbi.

Canada has accumulated its subscriptions through settlements to the IMF in Canadian dollars, gold and SDRs. Annual maintenance of value payments are made to, or received from, the IMF when the Canadian dollar depreciates or appreciates against the SDR, in order to maintain the SDR-value of the IMF's holdings of Canadian dollars.

In 2016–2017, the receipts and other credits consisted of a valuation adjustment of $277 million.

Loans

This account records the value of interest-bearing loans made under Canada's multilateral and bilateral lending arrangements with the IMF. The purpose of these arrangements is to provide temporary resources to the IMF which works to promote economic growth and safeguard the stability of the international monetary system.

There are three outstanding lending arrangements with the IMF outside of the quota system: the multilateral New Arrangements to Borrow (NAB), the General Arrangements to Borrow (GAB) and the temporary bilateral borrowing agreement.

Canada's current participation in the NAB is governed by the November 2012 NAB Decision which incorporated technical amendments made as a result of the IMF's 14th General Review of Quotas. The maximum lending by Canada to the IMF under these arrangements is SDR 3,874 million. As at March 31, 2017, SDR 623.5 million or $1,125 million (SDR 699 million or $1,278 million in 2016) in lending has been provided by Canada to the IMF under the NAB. Canada recently renewed its participation in the NAB for another five year period pursuant to the November 2016 NAB Decision (effective November 2017).

Canada also participates in the GAB which was most recently renewed in December 2013. The maximum lending by Canada to the IMF under these arrangements is limited to SDR 893 million. As at March 31, 2017, no lending had been provided to the IMF under the GAB.

In early 2017, Canada extended a temporary bilateral credit line to the IMF in the amount of SDR 8,200 million for a maximum period of four years, as part of a collective effort with 34 other nations to foster global economic and financial stability.

Collectively, the outstanding loans under multilateral and bilateral arrangements with the IMF cannot exceed SDR 12,967 million at any given time. This reflects the maximum commitment under the NAB, GAB and bilateral borrowing agreement.

At March 31, 2017, a total of SDR 623.5 million or $1,125 million was outstanding under these arrangements. Amounts advanced under these arrangements are considered part of the Official International Reserves of Canada.

Notes payable

This account records non-marketable, non-interest bearing notes issued by the Government to the IMF. These notes are payable on demand and are subject to redemption or re-issue, depending on the needs of the IMF for Canadian currency.

Canadian dollar holdings of the IMF include these notes and a small working balance (initially equal to one-quarter of one per cent of Canada's subscription) held on deposit at the Bank of Canada. In 2016–2017, notes payable to the IMF decreased by $250 million.

Special drawing rights allocations

This account records the value of SDRs allocated to Canada by the IMF. The SDR is an international currency created by the IMF, and allocated to countries participating in its Special Drawing Rights Department. It represents a liability of Canada, as circumstances could arise whereby Canada could be called upon to repay these allocations, in part or in total.

As an asset, SDRs represent rights to purchase currencies of other countries participating in the IMF's Special Drawing Rights Department, as well as to make payments to the IMF itself. All SDRs allocated to Canada by the IMF have either been used to settle subscriptions in the IMF, or have been advanced to the Exchange Fund Account.

There was no allocation of SDRs by the IMF to Canada during the year. In 2016–2017, payments and other charges consisted of a valuation adjustment of $151 million.

Supplementary statement

Exchange Fund Account

Statement of financial position *(unaudited)* as at 31 March

(in millions of Canadian dollars)

	2017	2016
Financial assets		
Cash and cash equivalents (Note 2, Note 3)	14,213	5,902
Investments (Note 2, Note 3)		
Marketable securities	82,277	85,046
Special drawing rights	10,178	10,431
Total investments	92,455	95,477
Total financial assets	106,668	101,379
Liabilities		
Due to the Consolidated Revenue Fund (Note 4)	106,668	101,379

The accompanying notes are an integral part of these financial statements.

Paul Rochon
Deputy Minister
Department of Finance

Dale Denny, CPA, CMA
Acting Chief Financial Officer
Department of Finance

Statement of operations *(unaudited)* for the year ended 31 March

(in millions of Canadian dollars)

	2017	2016
Net revenue from investments		
Marketable securities		
Interest	1,098	1,235
Net gains on sale of marketable securities	1,002	793
Transaction costs and other	(2)	(2)
Interest on cash and cash equivalents	37	7
Interest on special drawing rights	15	5
Gains on sale of gold	—	140
Total net revenue from investments	2,150	2,178
Other		
Net foreign exchange (loss) gain	(153)	9
Net revenue for the year (Note 2)	**1,997**	**2,187**

The accompanying notes are an integral part of these financial statements.

Exchange Fund Account—*continued*

Notes to the financial statements for the year ended 31 March 2017 *(unaudited)*

1. Authority and objectives

The Exchange Fund Account (the Account) is governed by Part II of the *Currency Act*. The Account is in the name of the Minister of Finance and is administered by the Bank of Canada as fiscal agent. The *Financial Administration Act* does not apply to the Account.

The legislative mandate of the Account is to aid in the control and protection of the external value of the Canadian dollar. The Minister of Finance empowers the Account to acquire or sell assets deemed appropriate for this purpose, in accordance with the Account's *Statement of Investment Policy*.

Assets held in the Account are managed to provide foreign-currency liquidity to the government and to promote orderly conditions for the Canadian dollar in foreign exchange markets, if required. Canada's current policy is to intervene in foreign exchange markets on a discretionary, rather than a systematic basis, and only in the most exceptional of circumstances. Since September 1998, no transactions have been aimed at moderating movements in the value of Canadian dollar.

In accordance with the *Currency Act*, the net revenue for the year is paid to or charged to the Consolidated Revenue Fund (CRF) of the Government of Canada within three months after the end of the fiscal year, and the Minister of Finance reports to Parliament on the operations of the Account within the first 60 days on which Parliament is sitting after the end of the fiscal year. These statements have been prepared by the Department of Finance.

2. Significant accounting policies

As stipulated in the *Currency Act*, the financial statements of the Account are prepared in a manner consistent with the accounting policies used by the Government of Canada to prepare its financial statements.

(a) Revenue recognition

Revenue from investments is recognized on an accrual basis and includes interest earned (including the amortization of premiums and discounts), gains or losses on sales of securities and on sales of gold, and revenues from securities lending activities. Interest is accrued on short-term deposits, deposits held under repurchase agreements, marketable securities, and special drawing rights (SDRs).

(b) Expense recognition

The Account's administrative, custodial, and fiscal agency services are provided and paid for by the Bank of Canada and the Department of Finance. These costs have not been recognized in the Statements.

In addition, the notional cost of the funding of the Account's assets and advances from the CRF is not recognized in the Statements.

(c) Financial assets

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and short-term deposits. Short-term deposits are measured at cost and are generally held to maturity. The resulting revenue is included in interest on cash and cash equivalents.

Deposits held under repurchase agreements

Deposits held under repurchase agreements are measured at cost. The resulting revenue is included in net revenue from marketable securities. As of 31 March 2017 and 31 March 2016 the Account did not hold any deposits held under repurchase agreements.

Marketable securities

Purchases and sales of securities are recognized at the settlement dates. Marketable securities are measured at cost and are adjusted for amortization of purchase discounts and premiums on a straight-line basis over the term to maturity of the security. The carrying value of marketable securities includes accrued interest.

On de-recognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in net revenue.

For short-term deposits, deposits held under repurchase agreements and marketable securities, the Bank assesses at the end of each reporting period whether there is an other-than-temporary impairment in value. Once impaired, these assets are re-measured at their recoverable amount with the amount of the impairment recognized in Total net revenue from investments in the Statement of operations.

Exchange Fund Account—*continued*

Notes to the financial statements for the year ended 31 March 2017 *(unaudited)—continued*

Securities lending program

Under the securities lending program, the Account has agency agreements with two major financial institutions. Loans of securities are effected on behalf of the Account by these agents, who guarantee the loans and obtain collateral of equal or greater value from approved counterparties. These transactions can range from 1 to 31 days in duration. The securities loaned continue to be accounted for as investment assets. Income on securities lending transactions is included in Total net revenue from investments in the Statement of operations.

Special drawing rights

The SDR serves as the unit of account for the International Monetary Fund (IMF) and its value is based on a "basket" of five major currencies: the Euro, the US dollar, the British pound sterling, the Japanese yen and the Chinese renminbi.

SDRs are initially recognized at cost and are subsequently re-measured at each reporting date into Canadian dollars at market exchange rates.

Translation of foreign currencies and special drawing rights

Assets denominated in foreign currencies and SDRs are translated into Canadian-dollar equivalents at the rates prevailing as of March 31, which were as follows:

	2017	2016
US dollar	1.3299	1.2987
Euro	1.4189	1.4777
Japanese yen	0.0120	0.0115
British pound sterling	1.6662	1.8654
SDR	1.8045	1.8296

Gains or losses resulting from the translation of assets and advances from the CRF denominated in foreign currencies and SDRs, as well as from transactions throughout the fiscal year, are recognized as net foreign exchange gains or losses and are included in the Statement of operations.

Investment revenue in foreign currencies and SDRs is translated into Canadian-dollars at the foreign exchange rates prevailing on the date the revenue is earned.

(d) Use of estimates and measurement uncertainty

The preparation of the Statements requires management to make estimates and assumptions based on information available as of the date of the Statements. Significant estimates are primarily in the area of the fair values of financial instruments, including any impairment (Note 3).

Exchange Fund Account—*continued*

Notes to the financial statements for the year ended 31 March 2017 *(unaudited)*—*continued*

3. Financial instruments

Fair value of financial assets

(in millions of Canadian dollars)

	31 March 2017		31 March 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents				
US dollar	11,819	11,819	5,303	5,303
Euro	2,188	2,188	304	304
Japanese yen	8	8	181	181
British pound sterling	131	131	114	114
Short-term deposits	67	67		
Total cash and cash equivalents	14,213	14,213	5,902	5,902
Investments				
Marketable securities				
US dollar	53,723	53,333	56,638	57,685
Euro	17,937	18,100	20,161	21,132
Japanese yen	1,323	1,328	712	720
British pound sterling	9,294	9,751	7,535	7,810
Total marketable securities	82,277	82,512	85,046	87,347
SDR	10,178	10,178	10,431	10,431
Total investments	92,455	92,690	95,477	97,778
Total financial assets	106,668	106,903	101,379	103,680

The estimated fair value of cash and cash equivalents approximates their carrying value, given their short term to maturity.

The estimated fair values of marketable securities are based on quoted market prices and include accrued interest. If such prices are not available, the fair value is determined by discounting future cash flows using an appropriate yield curve. During the year, and in the prior year, no marketable securities were written down to reflect an other-than-temporary impairment in value.

Since SDRs are translated into Canadian-dollar equivalents at the rates prevailing at the Statements date, the carrying value approximates fair value on the reporting date.

Exchange Fund Account—*continued*

Notes to the financial statements for the year ended 31 March 2017 *(unaudited)*—*continued*

Credit risk

Credit risk is the risk that a counterparty to a financial contract will cause a loss to the Account by failing to discharge its obligations in accordance with agreed upon terms.

To ensure that the Account's asset portfolio is prudently diversified with respect to credit risk, the *Statement of Investment Policy* prescribed by the Minister of Finance specifies limits on holdings by class of issuer (sovereign, agency, supranational, corporation or commercial financial institution), by any one issuer or counterparty, and by type of instruments.

The *Statement of Investment Policy* also specifies the treatment of holdings that do not meet eligibility criteria or limits due to exceptional circumstances such as ratings downgrades.

With respect to the *Statement of Investment Policy*, the Account may hold fixed income securities of highly rated sovereigns, central banks, government-supported entities and supranational organizations. To be eligible for investment, an entity must have an acceptable credit rating based on external credit ratings and internal credit analysis. The Account may also make deposits and execute other transactions, up to prescribed limits, with commercial financial institutions that meet the same rating criteria.

As stipulated in the *Currency Act*, the Minister of Finance may appoint agents to perform services concerning the Account. Through the securities lending program, agents can lend securities only up to a prescribed maximum amount and only to a list of approved counterparties. Each borrower must enter into a Securities Loan Agreement with at least one of the agents. Borrowers are also required to provide collateral for securities borrowed, according to a specific list approved by the Government. Collateral is limited to specific security types, terms to maturity, and credit ratings.

The agents also provide an indemnity in the event of default by the borrower. The Account enters into securities lending transactions in order to increase its return on investments.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The Account is not exposed to significant other price risk.

Interest rate and currency risks are managed, with due consideration of the risk to the Government of Canada, through the asset-liability management policy. This policy utilizes a strategy of matching the duration structure and the currency of the Account's assets with the foreign currency borrowings of the Government of Canada that notionally finance the Account's assets. Other price risks are mitigated by holding high quality liquid assets.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk is minimized by limiting the portion of the Government of Canada's foreign liabilities that needs to be renewed within a one-year period. In addition, liquidity risk is mitigated by holding short-term investments that are matched to the Government of Canada's maturing liabilities in foreign currencies.

Securities lending

As at 31 March 2017, the Account's investments did not include any securities held by its agents in connection with the securities lending program. As at 31 March 2016, the Account's investments used in the securities lending program had a fair market value of $385 million and an amortized cost of $387 million. A lower fair value compared to amortized cost was attributable to regular market fluctuations.

No securities were lent to eligible borrowers at the reporting date (nil at 31 March 2016).

Exchange Fund Account—*concluded*

Notes to the financial statements for the year ended 31 March 2017 *(unaudited) – concluded*

4. Due to the Consolidated Revenue Fund (CRF)

The Account is funded by the Government of Canada through interest-free advances from the CRF. Advances to the Account from the CRF are authorized by the Minister of Finance under the terms and conditions prescribed by the Minister of Finance. Pursuant to Section 19 of the *Currency Act*, these advances are limited to US $150 billion by order of the Minister of Finance effective 26 March 2015.

The CRF advances the proceeds of the Government of Canada's borrowings in foreign currencies and allocations of SDRs by IMF to the Account. Subsequent repayments of foreign currency debt are made using the assets of the Account and result in reductions of foreign currency advances from the CRF.

The Account requires Canadian dollar advances to settle its purchases of foreign currencies. Canadian dollars received from sales of foreign currencies are remitted to the CRF. This, together with foreign currency payments made on behalf of the Government of Canada, causes reductions in the level of outstanding Canadian dollar advances and can result in overall net deposits of Canadian dollars by the Account with the CRF.

At 31 March, advances from the CRF were comprised of the following currencies:

Currency composition of advances from the CRF

(in millions of Canadian dollars)

	2017	2016
US dollar	67,839	64,406
Euro	18,750	19,415
Japanese yen	1,305	871
British pound sterling	9,385	7,653
SDR	6,198	6,285
Subtotal – Foreign currencies	103,477	98,630
Canadian dollar	1,194	562
Net revenue	1,997	2,187
Total	**106,668**	**101,379**

Section 9

2016–2017

Public Accounts of Canada

Loans, investments and advances

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Loans, investments and advances

Loans, investments and advances is a category of financial claims represented by debt instruments and ownership interests held by the Government of Canada acquired through the use of parliamentary appropriations, except for the portion of the investment balances representing adjustments for the equity of enterprise Crown corporations and other government business enterprises. Some of these appropriations permit repayments to be used for further loans and advances. Details of the use of non-budgetary appropriations, for loans, investments and advances, can be found in the ministerial sections of Volume II.

The investment in enterprise Crown corporations and other government business enterprises is accounted for under the modified equity method and is carried at cost which is adjusted for the annual profits or losses of the enterprises and reduced by any dividends paid by the corporations to the Government. Under the modified equity method, the accounting policies of the enterprise Crown corporations and other government business enterprises are not adjusted to conform to the Government's accounting policies. The Government also reports any amounts receivable from or payable to these corporations and where the Government has advanced funds to the corporations to support their direct lending activities, the amounts are recorded as loans and advances by the Government.

Other loans, investments and advances are initially recorded at cost and are subject to annual valuation to reflect reductions from the recorded value to the approximate net recoverable value. Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates. Balances of loans, investments and advances resulting from foreign currency transactions are reported at year-end closing rates of exchange; net gains and losses related to these sovereign loans are presented with the return on investments from these loans under other program revenues.

The allowance established to reflect reductions from the recorded value to the approximate net recoverable value of financial claims held by the Government has been authorized by the Minister of Finance and the President of the Treasury Board, under subsection 63(2) of the *Financial Administration Act*.

Revenues received during the year on loans, investments and advances, are credited to other revenues; details are provided in Section 3 of this volume and in Section 10 of Volume III.

Table 9.1 presents the transactions and year-end balances of loans, investments and advances by category.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as payments and other charges and receipts and other credits. A narrative description is provided for accounts reported in some tables. Such descriptions follow the same presentation order as their respective tables.

Table 9.1
Loans, investments and advances

(in dollars)

	April 1, 2016	Payments and other charges	Receipts and other credits	March 31, 2017
Enterprise Crown corporations and other government business enterprises, Table 9.2	91,115,681,942	59,225,022,640	50,914,028,108	99,426,676,474
Portfolio investments, Table 9.10	73,595,460	—	189,091	73,406,369
National governments including developing countries, Table 9.11	966,011,575	139,960,018	91,235,314	1,014,736,279
International organizations, Table 9.12	21,161,347,295	737,026,253	33,761,120	21,864,612,428
Provincial and territorial governments, Table 9.13	419,032,090	19,630,700	145,725,501	292,937,289
Other loans, investments and advances, Table 9.14	29,597,177,690	5,207,346,489	5,239,192,907	29,565,331,272
	143,332,846,052	65,328,986,100	56,424,132,041	152,237,700,111
Less: allowance for valuation	27,376,276,788	1,421,118,147	565,698,396	28,231,696,539
Total	115,956,569,264	63,907,867,953	55,858,433,645	124,006,003,572

Enterprise Crown corporations and other government business enterprises

Loans and advances to, and investments in, enterprise Crown corporations and other government business enterprises represent the balance of financial claims held by the Government against corporations and enterprises for working capital, capital expenditures and other purposes, investments in the capital stock of corporations, and loans and advances to corporations and enterprises for re-lending.

A Crown corporation means a parent Crown corporation or a wholly-owned subsidiary; a parent Crown corporation is wholly-owned directly by the Crown; a wholly-owned subsidiary is wholly-owned by one or more parent Crown corporations directly or indirectly through any number of subsidiaries.

Enterprise Crown corporations are a type of government business enterprise and are defined as those Crown corporations which are not dependent on parliamentary appropriations and whose principal activity and source of revenue is the sale of goods and services to outside parties. These include selected Crown corporations listed in Part I, all the Crown corporations listed in Part II of Schedule III of the *Financial Administration Act* and the Bank of Canada. Although a Crown corporation, the Canada Pension Plan Investment Board is not part of the Government reporting entity since its mandate is to manage an investment portfolio on behalf of the Canada Pension Plan which is itself excluded from the reporting entity.

There are also a number of self-sustaining government business enterprises that are not considered Crown corporations within the meaning of the *Financial Administration Act*, but which are controlled by the Government and in most cases accountable to Parliament through a Minister of the Crown for the conduct of their affairs. These are referred to as "other government business enterprises" and include the various Canada Port Authorities.

Most of the enterprise Crown corporations and other government business enterprises are agents of Her Majesty for the conduct of all or part of their activities. This status is granted in one of the following ways:

- designation by Parliament, through a special act of incorporation;
- statutory authorization; or
- proclamation by the *Government Corporations Operation Act*.

Further information on the business and activities of all parent Crown corporations and information on all Crown corporations and other corporate interests of Canada is provided in the quarterly report entitled *Inventory of Government of Canada Organizations*. Although no longer included as part of this Report, a compilation of the audited financial statements of the parent Crown corporations is also available upon request.

Table 9.2 presents a summary of the balances and transactions for the various types of loans, investments and advances which were made to enterprise Crown corporations and other government business enterprises.

Table 9.2
Enterprise Crown corporations and other government business enterprises

(in dollars)

	April 1, 2016	Payments and other charges	Receipts and other credits	March 31, 2017
Investments				
Investments and accumulated profits/losses (Table 9.4)	43,480,124,950	6,777,153,000	2,195,026,000	48,062,251,950
Loans and advances[1]				
Families, Children and Social Development				
Canada Mortgage and Housing Corporation				
Housing	2,128,295,116	51,000,000	258,771,354	1,920,523,762
Joint projects	482,725,389		40,023,812	442,701,577
Real estate	9,480,512		370,398	9,110,114
Sewage treatment projects	23,135,270		6,684,565	16,450,705
Student housing projects	67,623,769		19,459,582	48,164,187
	2,711,260,056	*51,000,000*	*325,309,711*	*2,436,950,345*
Finance				
Department of Finance				
Business Development Bank of Canada	16,942,099,993	27,538,000,000	25,669,499,993	18,810,600,000
Canada Lands Company Limited	339,814,800	147,947,723	32,232,523	455,530,000
Canada Mortgage and Housing Corporation	7,819,277,924	2,048,529,000	2,493,595,582	7,374,211,342
Farm Credit Canada	23,438,050,000	22,427,800,000	20,182,150,000	25,683,700,000
	48,539,242,717	*52,162,276,723*	*48,377,478,098*	*52,324,041,342*
Total – Loans and advances	51,250,502,773	52,213,276,723	48,702,787,809	54,760,991,687
Less:				
Loans expected to be repaid from future appropriations	3,571,122,713	217,692,556		3,353,430,157
Unamortized discounts and premiums	43,823,068	16,900,361	16,214,299	43,137,006
	3,614,945,781	234,592,917	16,214,299	3,396,567,163
Total	91,115,681,942	59,225,022,640	50,914,028,108	99,426,676,474

[1] These loans are recorded at cost.

The results and financial position of enterprise Crown corporations and other government business enterprises are detailed in Tables 9.3 and 9.4. These tables also show the breakdown of the equity of each corporation between accumulated profits and losses, contributed surplus and capital stock, as well as the details of the Government's investment under the modified equity accounting method.

The Government of Canada has also made loans and advances to various enterprise Crown corporations and other government business enterprises. The following describes loans which were outstanding as of March 31, 2017 or 2016.

Canada Mortgage and Housing Corporation

The Corporation was incorporated, on January 1, 1946, by the *Canada Mortgage and Housing Corporation Act*. The Corporation's mandate, as stated in the *National Housing Act*, is to promote the construction, repair and modernization of housing, the improvement of housing and living conditions, housing affordability and choice, the availability of low-cost financing for housing, and the national well-being of the housing sector. Advances have been made to the Canada Mortgage and Housing Corporation to support various programs undertaken by the Corporation.

Housing

Advances made for moderate to low income housing bear interest at rates from 5.25 per cent to 16.10 per cent per annum, and are repayable over 1 to 50 years, with the final instalment due on March 31, 2037.

Joint projects

Advances made to undertake housing projects jointly with the provinces bear interest at rates from 5.25 per cent to 17.96 per cent per annum, and are repayable over 1 to 50 years, with the final instalment due on June 30, 2038.

Real estate

Advances made for the acquisition and development of real estate bear interest at rates from 10.07 per cent to 15 per cent per annum, and are repayable over 50 years, with the final instalment due on June 30, 2036.

Sewage treatment projects

Advances made to assist in the establishment or expansion of sewage treatment projects and the construction of trunk storm sewers bear interest at rates from 5 per cent to 7.45 per cent per annum, and are repayable over 20 to 50 years, with the final instalment due on March 31, 2023.

Student housing projects

Advances made for student housing projects bear interest at rates from 5.13 per cent to 10.05 per cent per annum, and are repayable over 20 to 50 years, with the final instalment due on April 1, 2030.

Business Development Bank of Canada

Direct lending to Crown corporations

The Business Development Bank of Canada (BDC) was established in 1974 by the *Federal Business Development Bank of Canada Act* and was continued under its current name by an Act of Parliament on July 13, 1995. The Corporation is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*, is wholly-owned by the Government of Canada and is not subject to the requirements of the *Income Tax Act*.

The role of the Corporation is to promote and assist in the establishment and development of business enterprises in Canada, with specific attention to small and medium-sized businesses. The Corporation provides a wide range of lending, investment and consulting services complementary to those of commercial financial institutions. The Corporation offers Canadian companies services tailored to meet the current needs of small and medium-sized businesses while earning an appropriate return on investment capital, which is used to further the Corporation's activities.

Pursuant to Section 19 of the *Business Development Bank of Canada Act*, the federal government, at the request of the Corporation, may lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

Loans outstanding at year end bear interest at rates from 0.38 per cent to 0.55 per cent per annum.

Canada Lands Company Limited

Canada Lands Company Limited (originally Public Works Lands Company Limited) was incorporated under the *Companies Act* in 1956 and was continued under the *Canada Business Corporations Act*. The Corporation is a Crown corporation named in Part I of Schedule III of the *Financial Administration Act* and is wholly-owned by the Government of Canada. The Corporation conducts its business through Canada Lands Company CLC Limited (CLC), its principal wholly-owned subsidiary. CLC's objective is to carry out a commercially-oriented and orderly disposal program of certain Government real properties and the management of certain select properties. In undertaking this objective, CLC may manage, develop and dispose of real properties, either in the capacity of owner or as agent of the Government.

CLC has acquired an interest in a number of real properties from the Government in consideration for the issuance of promissory notes, which bear no interest and are repayable from the proceeds of the sale of the properties in respect of which they were issued. The notes were discounted using the Consolidated Revenue Fund lending rate applicable to Crown corporations and recorded at their discounted value.

During the year, new notes have been issued for an amount of $147.9 million. An amount of $32.2 million was repaid during the year and an amount of $5.6 million was amortized to income. The balance in the account represents the balance of the notes receivable net of the corresponding unamortized discount.

Canada Mortgage and Housing Corporation

Direct lending to Crown corporations

Pursuant to Section 21(1) of the *Canada Mortgage and Housing Corporation Act*, the federal government, at the request of the Corporation, may, out of the Consolidated Revenue Fund, lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

Loans outstanding at year end bear interest at rates from 0.43 per cent to 3.94 per cent per annum.

Farm Credit Canada

Direct lending to Crown corporations

The Farm Credit Canada was established in 1959 by the *Farm Credit Canada Act* as the successor to the Canadian Farm Loan Board, and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Corporation is wholly-owned by the Government of Canada and is not subject to the requirements of the *Income Tax Act*.

The Corporation's role is to enhance rural Canada by providing business and financial solutions for farm families and agribusiness. Additionally, the Corporation may deliver specific programs for the Government of Canada on a cost recovery basis.

Pursuant to Section 12(2) of the *Farm Credit Canada Act*, the federal government, at the request of the Corporation, may lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

Loans outstanding at year end bear interest at rates from 0.28 per cent to 3.84 per cent per annum.

Interest paid to the Government

Interest paid to the Government of Canada with respect to these loans in the years ended March 31, 2017 and 2016 is as follows:

(in millions of dollars)

	2016–2017	2015–2016
Business Development Bank of Canada	81.7	76.2
Canada Mortgage and Housing Corporation	511.0	438.9
Farm Credit Canada	140.9	132.8
Total	733.6	647.9

Summary financial statements of enterprise Crown corporations and other government business enterprises

The following tables display details of the assets, liabilities, equity, revenues and expenses of enterprise Crown corporations and other government business enterprises.

Tables 9.3 and 9.4 present the assets, liabilities, equity, revenues, expenses and other changes in equity of enterprise Crown corporations and other government business enterprises grouped in five segments. The segment of competitive, self-sustaining corporations consists of those corporations named in Part I of Schedule III of the *Financial Administration Act* and of other competitive and self-sustaining government business enterprises.

For those corporations having year ends other than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

The tables summarize the financial transactions and results of operations of each enterprise Crown corporation and other government business enterprise in accordance with its own respective accounting policies. All enterprise Crown corporations and other government business enterprises follow International Financial Reporting Standards.

Financial assets include cash and cash equivalents, receivables, loans and investments. Financial assets are segregated between third parties and Government, Crown corporations and other entities. The financial assets reported under Government, Crown corporations and other entities represent receivables, loans and investments between related parties. Non-financial assets represent the unexpensed portion of capital assets, such as buildings, machinery and equipment in use or under construction, as well as inventories, prepayments and other items of expenditure which will be expensed as these assets are used. Liabilities include payables, borrowings and other obligations. Liabilities are segregated between third parties and Government, Crown corporations and other entities. Borrowings from third parties represent amounts repayable to financial institutions and other investors. Other third party liabilities are amounts due for purchases, pensions and other employee future benefits, accrued interest on borrowings, various other accruals, capital leases and sundry accounts payable. The liabilities reported under Government, Crown corporations and other entities represent payables and borrowings between related parties.

Revenues include financial assistance received or receivable from the Government in respect of the current year's operations, when applicable. Expenses are segregated between third parties and Government, Crown corporations and other entities. Equity adjustments and other include prior period adjustments and other miscellaneous items recorded by the corporations and enterprises. Other comprehensive income or loss comprises certain unrealized gains and losses on financial instruments and certain actuarial gains and losses related to pensions and other employee future benefits which are recognized in comprehensive income but excluded from net income. Other comprehensive income is excluded from the calculation of the Government's annual deficit. It is instead recorded directly to the Government's accumulated deficit. Upon realization of the gains and losses on financial instruments, the associated amounts are reclassified to the profit or loss of enterprise Crown corporations and other government business enterprises and then, reflected in the government's annual deficit. The actuarial gains and losses related to pensions and other employee future benefits are not reclassified. Equity transactions with the Government include dividends declared or transfers of profits to the Government, as well as equity contributions provided by the Government. Any unrealized inter-organizational gains and losses are eliminated as part of the modified equity accounting adjustment.

These tables present financial information on parent enterprise Crown corporations and other government business enterprises, as well as financial information on wholly-owned subsidiaries that are considered "deemed parent Crown corporations" and are excluded from the consolidated financial statements of their parent Crown corporations.

Enterprise Crown corporations and other government business enterprises are also categorized as being either agents or non-agents of the Crown. In some situations, agent status may be restricted to certain designated activities of a corporation.

A summary of financial assistance to enterprise Crown corporations and other government business enterprises for the year ended March 31, 2017, is provided in Table 9.9.

Table 9.3
Financial position of enterprise Crown corporations and other government business enterprises
Assets, liabilities and equity as at March 31, 2017

(in thousands of dollars)

	Assets			
	Financial			
Enterprise Crown corporations and other government business enterprises[1]	Third parties	Government, Crown corporations and other entities	Non-financial	Total assets
Atlantic Pilotage Authority	4,693		9,595	14,288
Bank of Canada	7,572,511	95,910,085	677,410	104,160,006
Business Development Bank of Canada	25,246,132	–	70,633	25,316,765
Canada Deposit Insurance Corporation	452,999	3,383,084	8,970	3,845,053
Canada Development Investment Corporation	311,839	127,648	220,617	660,104
Canada Lands Company Limited	566,661	57,423	563,134	1,187,218
Canada Mortgage and Housing Corporation	260,349,582	5,279,248	560,315	266,189,145
Canada Post Corporation	3,143,705	1,848,482	2,973,037	7,965,224
Export Development Canada	61,797,140	–	331,552	62,128,692
Farm Credit Canada	32,834,167		180,105	33,014,272
Freshwater Fish Marketing Corporation	11,645		42,118	53,763
Great Lakes Pilotage Authority	438	11	1,079	1,528
Halifax Port Authority[2]	16,947	214	206,825	223,986
Hamilton Port Authority[2]	15,955	–	122,875	138,830
Laurentian Pilotage Authority	21,863	457	16,542	38,862
Montreal Port Authority[2]	45,138	11,694	347,405	404,237
Pacific Pilotage Authority	13,308	509	8,927	22,744
Prince Rupert Port Authority[2]	67,758	–	170,425	238,183
Quebec Port Authority[2]	15,755	35	144,734	160,524
Ridley Terminals Inc.	122,100	–	175,094	297,194
Royal Canadian Mint	102,942	42,917	272,322	418,181
Saint John Port Authority[2]	21,439		77,673	99,112
Sept-Iles Port Authority[2]	38,604	6	301,951	340,561
Toronto Port Authority[2]	27,891	–	221,633	249,524
Vancouver Fraser Port Authority[2]	316,974	1,520	1,321,922	1,640,416
Other Canada Port Authorities[2,3]	89,307	5,019	249,815	344,141
Total	393,207,493	106,668,352	9,276,708	509,152,553
Elimination adjustments		(360,252)	(316,420)	(676,672)
Total	393,207,493	106,308,100	8,960,288	508,475,881

[1] All enterprise Crown corporations listed at the margin in this table are parent Crown corporations.
Although a Crown corporation, Canada Pension Plan Investment Board is designed to operate at arm's length from the Government and manages, on behalf of the Canada Pension Plan, funds not belonging to the Government, therefore, it is considered external to the Government reporting entity. The Public Sector Pension Investment Board is not included in the above list since its activities are included in the Government's results through pension accounting.

[2] Canada Port Authorities, which are not Crown corporations but considered other government business enterprises, are agents of the Crown for their port activities.

[3] Consists of the combined figures of the Canada Port Authorities of Belledune, Nanaimo, Oshawa, Port Alberni, Saguenay, St. John's, Thunder Bay, Trois-Rivières and Windsor.

Liabilities								
Third parties								
Borrowings	Other	Government, Crown corporations and other entities	Total liabilities	Accumulated profits (losses)	Contributed surplus	Capital stock	Equity of Canada	Total liabilities and equity
3,671	3,382		7,053	7,235		—	7,235	14,288
—	80,886,033	22,775,655	103,661,688	468,318	25,000	5,000	498,318	104,160,006
162,910	419,448	18,816,907	19,399,265	3,476,322	27,778	2,413,400	5,917,500	25,316,765
—	1,608,517	557	1,609,074	2,235,979		—	2,235,979	3,845,053
—	173,035	1,425	174,460	(117,651)	603,294	1	485,644	660,104
33,000	167,088	431,436	631,524	374,524	181,170	—	555,694	1,187,218
225,306,336	9,496,876	9,979,627	244,782,839	21,381,296	25,010	—	21,406,306	266,189,145
996,776	7,460,229	108,446	8,565,451	(1,755,398)	1,155,171	—	(600,227)	7,965,224
49,226,032	3,810,311	1,300	53,037,643	7,757,849	—	1,333,200	9,091,049	62,128,692
815,244	349,051	26,109,198	27,273,493	5,193,054	547,725	—	5,740,779	33,014,272
25,115	28,648	—	53,763			—	—	53,763
—	4,635	174	4,809	(3,281)	—		(3,281)	1,528
35,724	14,407	969	51,100	122,029	50,857		172,886	223,986
—	7,691	—	7,691	112,773	18,366	—	131,139	138,830
—	10,475	—	10,475	28,387	—	—	28,387	38,862
—	72,226	17	72,243	96,795	235,199	—	331,994	404,237
2,478	10,944	5	13,427	9,317	—	—	9,317	22,744
1,328	47,324		48,652	153,318	36,213	—	189,531	238,183
5,199	13,373	44,100	62,672	40,590	57,262	—	97,852	160,524
18,774	75,895	—	94,669	2,483	64,000	136,042	202,525	297,194
27,043	203,884	19,767	250,694	127,487	—	40,000	167,487	418,181
—	5,038	—	5,038	32,415	61,659	—	94,074	99,112
65,089	194,017	81	259,187	69,667	11,707		81,374	340,561
42,914	83,903		126,817	122,707			122,707	249,524
103,212	96,039	2,708	201,959	1,288,198	150,259	—	1,438,457	1,640,416
31,910	34,759	6,021	72,690	128,381	143,070		271,451	344,141
276,902,755	105,277,228	78,298,393	460,478,376	41,352,794	3,393,740	3,927,643	48,674,177	509,152,553
		(64,746)	(64,746)	(611,926)			(611,926)	(676,672)
276,902,755	105,277,228	78,233,647	460,413,630	40,740,868	3,393,740	3,927,643	48,062,251	508,475,881

Table 9.4
Revenues, expenses and other changes in equity of enterprise Crown corporations and other government business enterprises for the year ended March 31, 2017

(in thousands of dollars)

	Revenues			Expenses		
Enterprise Crown corporations and other government business enterprises	Third parties	Government, Crown corporations and other entities[1]	Total	Third parties	Government, Crown corporations and other entities	Total
Atlantic Pilotage Authority	24,204	–	24,204	22,970	96	23,066
Bank of Canada	49,471	1,584,936	1,634,407	476,621	123,394	600,015
Business Development Bank of Canada	1,086,229	–	1,086,229	533,036	87,219	620,255
Canada Deposit Insurance Corporation	425,244	35,433	460,677	340,057	915	340,972
Canada Development Investment Corporation	197,975	536	198,511	107,572	15,500	123,072
Canada Lands Company Limited	507,942	–	507,942	402,486	17,138	419,624
Canada Mortgage and Housing Corporation	7,114,238	3,190,791	10,305,029	7,991,711	878,463	8,870,174
Canada Post Corporation	7,624,217	299,617	7,923,834	7,645,931	179,757	7,825,688
Export Development Canada	2,105,208		2,105,208	1,191,068	(3,539)	1,187,529
Farm Credit Canada	1,205,123		1,205,123	445,849	145,507	591,356
Freshwater Fish Marketing Corporation	75,329		75,329	74,851		74,851
Great Lakes Pilotage Authority	25,917	22	25,939	26,065	1,220	27,285
Halifax Port Authority	42,368	–	42,368	30,583	1,933	32,516
Hamilton Port Authority	29,930		29,930	21,133	–	21,133
Laurentian Pilotage Authority	91,229	–	91,229	90,188	–	90,188
Montreal Port Authority	107,166	496	107,662	82,867	4,300	87,167
Pacific Pilotage Authority	77,925	–	77,925	81,378	284	81,662
Prince Rupert Port Authority	69,642	12,714	82,356	30,618	3,274	33,892
Quebec Port Authority	30,991	3,217	34,208	30,719	1,453	32,172
Ridley Terminals Inc.	65,897		65,897	49,747	12,408	62,155
Royal Canadian Mint	2,444,457	112,292	2,556,749	2,494,026	38,345	2,532,371
Saint John Port Authority	20,544		20,544	16,584	586	17,170
Sept-Iles Port Authority	19,801	–	19,801	8,045	193	8,238
Toronto Port Authority	60,551	–	60,551	54,929		54,929
Vancouver Fraser Port Authority	238,060	64	238,124	127,899	7,031	134,930
Other Canada Port Authorities	47,188	444	47,632	44,454	343	44,797
Total	23,786,846	5,240,562	29,027,408	22,421,387	1,515,820	23,937,207
Elimination adjustments						
Total net results	23,786,846	5,240,562	29,027,408	22,421,387	1,515,820	23,937,207
Less equity adjustments						
Share of annual profit						

The accompanying notes for Table 9.3 are an integral part of this table.

[1] Revenues with Government, Crown corporations and other entities include amounts generated from the sale of goods and services, investment income, financial assistance as well as grants where the corporations qualify as a member of a general class of recipients. Additional amounts representing capital investments received by the corporations are included under "Equity transactions with the Government".

Net income (loss)	Equity beginning of year	Equity adjustments and other	Other comprehensive income (loss)	Equity transactions with the Government		Equity end of year
				Dividends	Capital	
1,138	6,100	–	(3)	–	–	7,235
1,034,392	491,930	72	82,501	(1,110,577)	–	498,318
465,974	5,323,473	–	71,702	(68,649)	125,000	5,917,500
119,705	2,116,266	–	8	–	–	2,235,979
75,439	461,205	–	–	(51,000)	–	485,644
88,318	473,876	–	–	(6,500)	–	555,694
1,434,855	19,938,526	–	32,925	–	–	21,406,306
98,146	(2,156,645)	–	1,458,272	–	–	(600,227)
917,679	8,888,510	–	70,860	(786,000)	–	9,091,049
613,767	5,353,670	–	41,642	(268,300)	-	5,740,779
478	–	(478)	–	–	–	
(1,346)	(1,935)	–		–	–	(3,281)
9,852	162,597	–	437	–	–	172,886
8,797	122,154	–	188	–	–	131,139
1,041	27,346	–	–	–	–	28,387
20,495	309,012	–	2,487	–	–	331,994
(3,737)	13,048	–	6	–	–	9,317
48,464	139,873	–	1,194	–	–	189,531
2,036	95,036	–	780	–	–	97,852
3,742	198,783	–	–	–	–	202,525
24,378	257,922	(89,205)	3,392	(29,000)	–	167,487
3,374	90,700	–	–	–	–	94,074
11,563	69,697	–	114	–	–	81,374
5,622	114,696	–	2,389	–	–	122,707
103,194	1,336,524	–	(1,261)	–	–	1,438,457
2,835	269,950	(22)	(1,312)	–	–	271,451
5,090,201	44,102,314	(89,633)	1,766,321	(2,320,026)	125,000	48,674,177
	(622,190)	(80,294)	90,558	–		(611,926)
5,090,201	43,480,124	(169,927)	1,856,879	(2,320,026)	125,000	48,062,251
(169,927)		169,927				
4,920,274	43,480,124	–	1,856,879	(2,320,026)	125,000	48,062,251

Borrowings by enterprise Crown corporations and other government business enterprises

Table 9.5 summarizes the borrowing transactions by agent and non-agent enterprise Crown corporations and other government business enterprises.

In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent enterprise Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such net of borrowings expected to be repaid directly by these corporations.

Borrowings by non-agent enterprise Crown corporations and other government business enterprises are not on behalf of Her Majesty, but may, at times, be guaranteed by the Government.

Table 9.5
Borrowings by enterprise Crown corporations and other government business enterprises

(in thousands of dollars)

	Balance April 1, 2016	Borrowings and other credits	Repayments and other charges	Balance March 31, 2017
Agent enterprise Crown corporations				
Business Development Bank of Canada	253,021	(18,489)	71,622	162,910
Canada Mortgage and Housing Corporation	217,674,098	40,704,474	33,072,236	225,306,336
Canada Post Corporation	996,600	176	-	996,776
Export Development Canada	46,686,894	46,758,568	44,219,430	49,226,032
Farm Credit Canada	761,937	4,805,688	4,752,381	815,244
Freshwater Fish Marketing Corporation	26,445	25,115	26,445	25,115
Royal Canadian Mint	34,567	-	7,524	27,043
Total—Agent enterprise Crown corporations	266,433,562	92,275,532	82,149,638	276,559,456
Non-agent enterprise Crown corporations and other government business enterprises				
Atlantic Pilotage Authority	4,110		439	3,671
Canada Lands Company Limited[1]	47,900	14,500	29,400	33,000
Halifax Port Authority[2]	46,956	2,498	13,730	35,724
Pacific Pilotage Authority	2,845		367	2,478
Prince Rupert Port Authority[2]	4,540	-	3,212	1,328
Quebec Port Authority[2]	8,299		3,100	5,199
Ridley Terminals Inc	25,904		7,130	18,774
Sept-Iles Port Authority[2]	71,986	115	7,012	65,089
Toronto Port Authority[2]	27,771	17,627	2,484	42,914
Vancouver Fraser Port Authority[2]	103,270	4,720	4,778	103,212
Other Canada Port Authorities[2]	35,237	111	3,438	31,910
Total—Non-agent enterprise Crown corporations and other government business enterprises	378,818	39,571	75,090	343,299
Total	266,812,380	92,315,103	82,224,728	276,902,755
Borrowings expected to be repaid by enterprise Crown corporations and other government business enterprises	266,812,380	-	-	276,902,755
Allowance for borrowings of enterprise Crown corporations and other government business enterprises expected to be repaid by the Government and reported on the Consolidated Statement of Financial Position				

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[1] Borrowings of Canada Lands Company Limited are those of its subsidiary, Canada Lands Company CLC Limited, which is not an agent of the Crown.

[2] The Authority is an agent of the Crown only for its port activities. It is considered a non-agent of the Crown for borrowings purposes.

Maturity and currency of borrowings by enterprise Crown corporations and other government business enterprises

Table 9.6 summarizes the maturity and currency of borrowings by agent and non-agent enterprise Crown corporations and other government business enterprises as at March 31, 2017.

Table 9.6
Maturity and currency of borrowings by enterprise Crown corporations and other government business enterprises

(in thousands of dollars)

Year of maturity	Agent	Non-agent	Total
2017	48,726,945	82,885	48,809,830
2018	47,925,993	24,118	47,950,111
2019	47,082,473	21,337	47,103,810
2020	36,990,695	115,249	37,105,944
2021	50,183,358	21,397	50,204,755
Subsequent years	45,649,992	78,313	45,728,305
Total	276,559,456	343,299	276,902,755 [1]

[1] The borrowings are composed in Canadian dollar equivalent of 38,924,641 USD, 3,316,732 GBP, 26,356 JPY, 4,284,581 AUD, 1,138,123 EUR, 1,402,449 NZD, 38,851 NOK, 341,418 CHF, 227,162,273 CAD and 267,331 for other currencies.

Contingent liabilities of enterprise Crown corporations and other government business enterprises

Table 9.7 summarizes the contingent liabilities of enterprise Crown corporations and other government business enterprises. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

Table 9.7
Contingent liabilities of enterprise Crown corporations and other government business enterprises

(in thousands of dollars)

	March 31, 2017
Bank of Canada — Callable shares	63,938
Business Development Bank of Canada — Loan guarantees	341,754
Canada Development Investment Corporation — Performance guarantees	14,227
Canada Lands Company Limited — Letters of credit	65,308
Canada Mortgage and Housing Corporation	
Claims and pending and threatened litigation	9,056
Letters of credit	125,274
Export Development Canada — Loan guarantees	2,532,124
Montreal Port Authority — Claims and pending and threatened litigation	800
Quebec Port Authority — Letters of credit	200
Royal Canadian Mint — Performance guarantees	12,644
Sept-Iles Port Authority — Loan guarantees	26,000
St. John's Port Authority — Claims and pending and threatened litigation	3,583
Vancouver Fraser Port Authority — Performance guarantees	957
Total	3,195,865

Contractual obligations of enterprise Crown corporations and other government business enterprises

Table 9.8 summarizes the contractual obligations of enterprise Crown corporations and other government business enterprises. A contractual obligation represents a legal obligation to third party organizations or individuals as a result of a contract. Contractual obligations are classified into four main categories: transfer payment agreements, loans authorized but undisbursed, capital expenditures and operating leases.

Table 9.8
Contractual obligations of enterprise Crown corporations and other government business enterprises at March 31, 2017

(in thousands of dollars)

	Transfer payment agreements	Loans	Capital expenditures	Operating leases and other	Total
Bank of Canada			16,293	110,037	126,330
Business Development Bank of Canada		3,811,911		328,491	4,140,402
Canada Deposit Insurance Corporation				13,789	13,789
Canada Development Investment Corporation			28,250	58,516	86,766
Canada Lands Company Limited			38,400	8,964	47,364
Canada Mortgage and Housing Corporation	12,380,022	253,788		433,400	13,067,210
Canada Post Corporation				872,708	872,708
Export Development Canada		22,874,265		121,000	22,995,265
Farm Credit Canada		3,928,000		320,692	4,248,692
Great Lakes Pilotage Authority				1,250	1,250
Halifax Port Authority			1,220		1,220
Hamilton Port Authority				281	281
Laurentian Pilotage Authority				7,294	7,294
Montreal Port Authority			50,897	2,011	52,908
Royal Canadian Mint			2,901	95,452	98,353
Vancouver Fraser Port Authority			56,157	18,811	74,968
Other Canada Port Authorities				4	4
Total	12,380,022	30,867,964	194,118	2,392,700	45,834,804

Financial assistance to enterprise Crown corporations and other government business enterprises

Table 9.9 summarizes financial assistance for both agent and non-agent enterprise Crown corporations and other government business enterprises. It should be read in conjunction with Table 9.4. The purpose for which payments have been made is segregated between amounts recorded as program transactions and amounts recorded as transfer payments.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

Table 9.9
Financial assistance to enterprise Crown corporations and other government business enterprises for the year ended March 31, 2017

(in thousands of dollars)

	Program	Transfer payments	Financial assistance
Canada Mortgage and Housing Corporation	3,129,131		3,129,131
Canada Post Corporation	22,210		22,210
Total	3,151,341		3,151,341

Portfolio investments

Portfolio investments represent investments in entities with share capital owned jointly by the Government and other governments or organizations to further common objectives. Additional information on these entities is provided in the quarterly report entitled *Inventory of Government of Canada Organizations*.

Under the terms of Section 147 of the *Bankruptcy and Insolvency Act*, the Superintendent of Bankruptcy has received shares in a number of corporations in lieu of a cash levy payable to the Crown.

Table 9.10 presents a summary of the balances and transactions for the various types of portfolio investments.

Table 9.10
Portfolio investments

(in dollars)

	April 1, 2016	Payments and other charges[1]	Receipts and other credits	March 31, 2017
Environment and Climate Change				
Parks Canada Agency				
Co-operative Housing Project	337,106		—	337,106
Finance				
Department of Finance				
Canada Pension Plan Investment Board	100		—	100
Global Affairs				
Department of Foreign Affairs, Trade and Development				
Canada Investment Fund for Africa	46,871,012	—	186,839	46,684,173
Innovation, Science and Economic Development				
Atlantic Canada Opportunities Agency				
Equity investment	11,354,235	—	2,252	11,351,983
Department of Western Economic Diversification				
North Portage Development Corporation	1	—		1
National Research Council of Canada				
Equity ownership	282,906	—	—	282,906
	11,637,142		*2,252*	*11,634,890*
Natural Resources				
Department of Natural Resources				
Lower Churchill Development Corporation Limited	14,750,000		—	14,750,000
Treasury Board				
Treasury Board Secretariat				
Public Sector Pension Investment Board	100			100
Total	73,595,460		189,091	73,406,369

[1] Payments and other charges may include transactions such as loans, adjustments, etc.

Co-operative housing project

The Parks Canada Agency has invested in the Rocky Mountain II Co-operative Housing Association, along with five other entities, to provide accommodation for Parks Canada Agency employees and employees of other entities in Banff, Alberta.

Canada Pension Plan Investment Board

The Canada Pension Plan Investment Board (CPPIB) was created pursuant to the *Canada Pension Plan Investment Board Act*. The CPPIB's objectives are to assist the Canada Pension Plan (CPP) in meeting its obligations to contributors and beneficiaries and to manage any amounts transferred to it in their best interest.

The Government holds 100 per cent of the share capital of the CPPIB that consists of 10 shares having a fair value of $10 each issued as per legislation. The assets managed by the CPPIB are included in the CPP financial statements. They are excluded from the Government's consolidated financial statements since CPP is not part of the Government's reporting entity as explained in Note 1 of the Government's financial statements.

Canada Investment Fund for Africa

The Canada Investment Fund for Africa (CIFA) is a joint public-private sector initiative designed to provide risk capital for private investments in Africa that generate growth. The CIFA is a direct response to the New Partnership for Africa's Development (NEPAD) and the G8 Africa Action Plan. The main objectives of the CIFA are to optimize public-private investment in the Fund, to confer a beneficial development impact on Africa by way of increased foreign direct investment and to optimize the beneficial impact of the Fund's activities on Canadian interests.

The Government of Canada is a limited partner in the CIFA and its commitment towards the Fund was subject to matching funds of other investors and was to be equal to the lesser of: *(i)* $100 million or *(ii)* the aggregated commitments of all other limited partners of the partnership. The investment period in the CIFA ended January 1, 2009. The CIFA was dissolved on December 31, 2015 and is currently closing its operations. From thereon, the Department of Foreign Affairs, Trade and Development (DFATD) will only receive returns of capital. Since its inception, the Canadian International Development Agency (now amalgamated with DFATD) received capital reimbursement from CIFA amounting to $60.2 million and investment income of $8.2 million.

Equity investment

In order to help fulfill its mandate to promote economic development in the Cape Breton Region of Nova Scotia, Enterprise Cape Breton Corporation (ECBC) had taken equity interests in several companies to help the organizations expand or innovate.

Upon ECBC's dissolution on June 19, 2014, all of ECBC assets and obligations, except real property, were transferred to Atlantic Canada Opportunities Agency (ACOA). ACOA has been given the authority to hold or exercise, or surrender, sell, assign or otherwise dispose of, a stock option, share or other similar financial instruments that it acquires from ECBC or any of its subsidiaries.

North Portage Development Corporation

The Corporation was incorporated under *The Corporations Act* of Manitoba, to foster the social and economic development of the North Portage area in the core area of Winnipeg. The objective of the Government's participation is to stimulate economic recovery in Canada and Manitoba.

The Government's holding of common shares represents 33.3 per cent of the shares outstanding. The Corporation is owned equally by the City of Winnipeg, the Province of Manitoba and the Government of Canada. There are 3 common shares issued, having a par value of $1 each.

Equity ownership

In order to help fulfill its mandate to promote industrial innovation in Canada, the National Research Council of Canada (NRC) has taken equity interests in several new firms based on NRC technology. NRC provides financial assistance at better than market conditions to firms through access to equipment, intellectual property and incubation space in laboratories and in the organization's Industry Partnership Facilities.

Since these companies often cannot afford to pay the full cost of the assistance received from the NRC, the NRC takes an equity position in a company in order to help the firms survive the critical development stage. In turn, it allows NRC to earn a return that somewhat reflects the risk taken should the company become successful.

This investment in equity is authorized under subsection 92(1)*(b)* of the *Financial Administration Act* which allows for the acquisition or the sale or other disposal of shares or assets in the ordinary course of a business of providing financial assistance to publicly and privately held companies and are recorded at cost.

The Government's holdings of shares represent a minority interest in two publicly traded companies and one privately held company.

Lower Churchill Development Corporation Limited

The Lower Churchill Development Corporation (LCDC) was incorporated in 1978 under the *Companies Act* of Newfoundland, with the objective of developing all or part of the hydroelectric potential of the Lower Churchill Basin. It is owned 51 per cent by Newfoundland and Labrador Hydro, the designate for the Government of Newfoundland and Labrador, and 49 per cent by Canada. LCDC in not an active operating company.

Canada owns 1,475 class A shares, which it purchased for $10,000 per share in the initial years of the corporation. Funds were used to finance feasibility studies for proposed Lower Churchill projects. The corporation's only asset was an Option Right to purchase the Gull Island Production Company's assets and acquire hydroelectric development rights on the Lower Churchill River, granted by the Government of Newfoundland and Labrador in exchange for its initial ownership stake, valued at $5,200,000.

The option expired on November 24, 2006 and has not been extended by the province, resulting in an investment write-down for LCDC.

Public Sector Pension Investment Board

The Public Sector Pension Investment Board (PSPIB) was created pursuant to the *Public Sector Pension Investment Board Act*. Its mandate is to invest the amounts transferred since April 1, 2000 by the Government of Canada. These amounts represent contributions less benefits and other payments for the pension plans of the public service, Canadian Armed Forces, Royal Canadian Mounted Police and since March 1, 2007 for the Reserve Force Pension Plan. The PSPIB's objective is to achieve maximum rates of return on investments, without undue risk of loss while respecting the funding, policies, requirements and financial obligations of those plans.

The Government holds 100 per cent of the share capital of the PSPIB that consists of 10 shares having a par value of $10 each issued as per legislation. The assets managed by the PSPIB are recorded against the pension obligations since April 1, 2000.

National governments including developing countries

Loans to national governments consist mainly of loans for financial assistance, international development assistance to developing countries, and loans for development of export trade (administered by Export Development Canada).

Table 9.11 presents a summary of the balances and transactions for the loans and advances that were made to national governments including developing countries.

Table 9.11
National governments including developing countries

(in dollars)

	April 1, 2016	Payments and other charges	Receipts and other credits	March 31, 2017
Finance				
Department of Finance				
Financial assistance—Ukraine	400,000,000			400,000,000
Global Affairs				
Department of Foreign Affairs, Trade and Development				
International development assistance—Developing countries	155,273,933	–	29,845,911	125,428,022
Export Development Canada				
Development of export trade—National governments	410,737,642	139,906,855	61,336,240	489,308,257
	566,011,575	*139,906,855*	*91,182,151*	*614,736,279*
National Defence				
Department of National Defence				
Damage claims recoverable—North Atlantic Treaty Organization		53,163	53,163	
Total	966,011,575	139,960,018	91,235,314	1,014,736,279

Financial assistance—Ukraine

Pursuant to Section 8.3 of the *Bretton Woods and Related Agreements Act*, the Minister of Finance, by order of the Governor in Council, is authorized to extend certain forms of financial assistance to a foreign state. The provision of such financial assistance is contingent upon that state having an arrangement with the International Monetary Fund and upon the satisfactory participation of other countries with Canada in the provision of financial assistance.

Funding for such transactions is provided by the Minister of Finance out of the Consolidated Revenue Fund. The maximum amount of financial assistance that can be provided under legislation is $2.5 billion USD in respect of any particular foreign state and $5 billion USD in respect of all foreign states.

As at March 31, 2017, the outstanding loan balance to the Ukraine was $400 million. There were no other balances or transactions in respect of Ukraine or other foreign states during the year.

These loans bear interest at rates ranging between 1.4 per cent and 2.1 per cent and have repayment term of 5 years.

International development assistance—Developing countries

Interest-free or low-interest bearing loans have been made through the Canadian International Development Agency, now amalgamated with the Department of Foreign Affairs, Trade and Development (DFATD), to developing countries for international development assistance. Loans are recorded in part as expenses when the economic value of the loans is reduced due to their concessionary terms. No new loans have been issued since April 1, 1986.

All loans have been made in Canadian dollars and are therefore not subject to revaluations for foreign exchange fluctuations.

Similar assistance has been provided to developing countries by way of subscriptions and advances to the International Development Association, advances to the Global Environment Facility, and loans to other international financial institutions. These are reported later in this section under the heading "International organizations".

In 2006–2007, the Government of Canada, as represented by the Canadian International Development Agency (now amalgamated with DFATD), entered into an agreement with the Government of Pakistan to forgive its outstanding $447,507,534 loan pursuant to Foreign Affairs and International Trade Vote 32c, *Appropriation Act No. 5, 2009–2010*. In order to expire its debt obligation, the Government of Pakistan will be required to make education sector investments that are equivalent to the present value of its debt. According to the agreement, Pakistan's debt is to be written down proportionally as the investments are made. Since 2009–2010, the Government of Pakistan's debt has been reduced by the total amount of $364,839,372.

The following table presents the balances and transactions for the loans made to developing countries, together with their terms and conditions of repayments.

(in dollars)

	April 1, 2016	Payments and other charges	Receipts and other credits[1]	March 31, 2017
(a) 30 year term, 7 year grace period, 3.0 per cent interest per annum, with final repayment in March 2005				
Cuba	9,547,012	—	9,547,012	—
(b) 35 year term, 4 year grace period, 5.0 per cent interest per annum, semi-annual interest repayments with first principal repayment due January 2017 and final repayment in July 2026:				
Egypt	44,995,933	—	1,761,590	43,234,343
(c) 50 year term, 10 year grace period, non-interest bearing, with final repayments between March 2015 and September 2035:				
Algeria	3,170,311	—	427,722	2,742,589
Argentina	28,000	—	18,667	9,333
Bolivia	254,370	—	42,395	211,975
Colombia	65,770	—	26,308	39,462
Dominican Republic	1,853,482	—	236,045	1,617,437
Ecuador	1,755,831	—	304,919	1,450,912
Guatemala	1,081,250	—	100,000	981,250
Indonesia	104,893,914	—	10,310,317	94,583,597
Malaysia	979,273	—	62,935	916,338
Malta	199,980	—	25,000	174,980
Mexico	4,157	—	2,771	1,386
Morocco	3,224,171	—	384,920	2,839,251
Pakistan	122,614,467	—	39,946,304	82,668,163
Paraguay	19,996	—	19,996	—
Peru	9,321	—	3,728	5,593
Philippines	820,414	—	97,160	723,254
Sri Lanka	49,577,678	—	4,263,030	45,314,648
Thailand	9,043,781	—	674,622	8,369,159
Tunisia	25,514,240	—	3,295,729	22,218,511
	325,110,406	—	*60,242,568*	*264,867,838*
(d) 50 year term, 13 year grace period, non-interest bearing, with final repayment in March 2023:				
Algeria	8,715,639	—	1,245,091	7,470,548
Subtotal	388,368,990	—	72,796,261	315,572,729
Less: portion expensed due to concessionary terms	233,095,057	—	42,950,350	190,144,707
Total	155,273,933	—	29,845,911	125,428,022

Grace period refers to interval from date of issuance of the loan to first repayment of loan principal.

[1] Receipts and other credits may include transactions such as repayments, forgiveness, adjustments, etc.

Development of export trade—National governments

Pursuant to Section 23 of the *Export Development Act*, the Minister for International Trade, with the concurrence of the Minister of Finance, may authorize Export Development Canada (EDC) to enter into certain transactions or class of transactions where the Minister is of the opinion it is in the national interest and where EDC has advised the Minister that it will not enter into such transactions without such authorization. Funding for such transactions is provided by the Minister of Finance out of the Consolidated Revenue Fund and the transactions are administered by EDC on behalf of the Government of Canada.

Loan transactions with longer repayment terms or low or zero interest rates are recorded in part as expenses when the economic value is reduced due to such concessionary terms.

Tables 11.4 and 11.5 in Section 11 of this volume present additional information on contractual obligations and guarantees that are disclosed in the notes to the audited consolidated financial statements in Section 2 of this volume.

The following table presents the balances and transactions for loans made to national governments, together with their terms and conditions of repayments.

(in dollars)

		Payments and other charges		Receipts and other credits		
	April 1, 2016	Payments or other charges[1]	Revaluation	Receipts or other credits[2]	Revaluation	March 31, 2017
Non-budgetary loans[3]						
(a) 1 to 5 year term, Canadian prime rate plus 0.35 per cent interest per annum, assumed from the Canadian Wheat Board (CWB), with final repayments in June 2016:						
Egypt	6,670,342	–	–	6,670,342	–	
(b) 1 to 5 year term, 3.0 per cent to 9.0 per cent interest per annum, with final repayments in May 2019:						
Argentina	16,187,940	119,188,037	1,331,745	25,456,851	–	111,250,871
(c) 11 to 15 year term, based on 6 month London Interbank Offered Rate (LIBOR), plus 0.50 per cent interest per annum, assumed from CWB with final repayments in January 2028:						
Iraq	133,101,828	–	3,065,260	11,225,908	–	124,941,180
(d) 11 to 15 year term, interest based on LIBOR, plus a range of rates from 0.5 per cent to 1.0 per cent per annum, with final repayments between December 2019 and June 2020:						
Kenya	835,647	–	19,683	119,641	–	735,689
(e) 16 to 20 year term, interest based on LIBOR, plus a range of rates from 0.5 per cent to 0.63 per cent per annum, with final repayments between October 2018 and June 2021:						
Indonesia	437,784	–	9,225	63,857	–	383,152
Venezuela	10,600,231	–	18,913	6,284,262	–	4,334,882
	11,038,015	–	*28,138*	*6,348,119*	–	*4,718,034*
(f) 21 to 25 year term, 9.0 per cent to 10.0 per cent interest per annum, with final repayments in September 2000:						
Sudan	5,015,589	–	120,495	–	–	5,136,084
(g) 21 to 25 year term, interest based on LIBOR, plus 0.55 per cent per annum, with final repayments in November 2024:						
Pakistan	6,459,333	–	146,549	431,126	–	6,174,756
(h) 21 to 25 year term, based on 6 month LIBOR, plus 0.55 per cent interest per annum, assumed from CWB, with final repayments in November 2024:						
Pakistan	16,330,064	–	372,332	998,223	–	15,704,173
Total – Non-budgetary loans	195,638,758	119,188,037	5,084,202	51,250,210	–	268,660,787

(in dollars)

		Payments and other charges		Receipts and other credits		
	April 1, 2016	Payments or other charges[1]	Revaluation	Receipts or other credits[2]	Revaluation	March 31, 2017
Budgetary loans[3]						
(a) 26 to 30 year term, 3.0 per cent interest per annum, with final repayments between December 2016 and April 2018:						
Algeria	1,006,000	—		568,000	389,071	48,929
(b) 31 to 55 year term, 0 per cent to 10.29 per cent interest per annum, with final repayments between September 2029 and February 2045:						
China	428,925,172		10,127,058	22,976,719		416,075,511
Egypt	7,577,974	—	59,774	350,262	—	7,287,486
Gabon	7,894,461	—	184,025	159,350	—	7,919,136
India	45,909,263	—	1,075,513	1,678,376	—	45,306,400
Jamaica	5,346,776	—	126,081	240,974	—	5,231,883
Morocco	75,646,717	—	1,759,899	3,356,008	—	74,050,608
Turkey	93,870,096	—	2,209,587	3,581,817	—	92,497,866
	665,170,459	—	*15,541,937*	*32,343,506*		*648,368,890*
(c) 31 to 55 year term, comprised of several loans with fixed or variable interest rates currently ranging from 0 per cent to 2.21 per cent per annum, with final repayments between December 2018 and December 2033:						
Kenya	4,807,384		92,679	287,824		4,612,239
Total—Budgetary loans	670,983,843		15,634,616	33,199,330	389,071	653,030,058
Subtotal	866,622,601	119,188,037	20,718,818	84,449,540	389,071	921,690,845
Less: portion expensed due to concessionary terms	455,884,959			23,502,371	—	432,382,588
Total	410,737,642	119,188,037	20,718,818	60,947,169	389,071	489,308,257

Final repayment dates may change if loan amounts are rescheduled or restructured.

[1] Payments or other charges may include transactions such as loans, adjustments, etc.

[2] Receipts or other credits may include transactions such as repayments, forgiveness, adjustments, etc.

[3] Prior to April 1, 1987, these loans were authorized by miscellaneous non-budgetary authorities. Subsequently, they were authorized by miscellaneous budgetary authorities.

Damage claims recoverable—North Atlantic Treaty Organization

Article VIII of the NATO Status of Forces Agreement signed April 4, 1949, as amended, deals with claims for damages to third parties arising from accidents in which a member of a visiting force is involved. This account is charged with the amount recoverable from other states, for claims for damages which took place in Canada, and is credited with recoveries.

The advances are non-interest bearing and have no specific repayment terms.

International organizations

This group records Canada's subscriptions to the share capital of international banks. It also includes loans and advances to associations and other international organizations.

Canada's subscriptions to the share capital of a number of international banks are composed of both paid-in and callable capital. Subscriptions to international organizations do not provide a return on investment but are repayable on termination of the organization or withdrawal from it.

Paid-in capital subscriptions are made through a combination of cash payments and the issuance of non-interest bearing, non-negotiable notes payable to the organization. Although payable on demand, these notes are typically encashed according to terms of agreements reached between the organization and participating countries. Canada's subscriptions to the paid-in capital of these organizations are reported in Table 9.12.

Callable share capital is composed of resources that are not paid to the banks but act as a guarantee to allow them to borrow on international capital markets to finance their lending program. Callable share capital, which has never been drawn on by the banks, would only be utilized in extreme circumstances to repay loans, should a bank's reserves not be sufficient. It represents a contingent liability of the Government, and is listed with other contingent liabilities related to international organizations in Table 11.6 in Section 11 of this volume.

Most loans and advances to international organizations are made to banks and associations that use these funds to make loans to developing countries at significant concessionary terms. Loans made on a long-term, low-interest or interest-free basis, and investments in organizations that make similar loans, are recorded in full or in part as expenses when the economic value is reduced due to their concessionary terms.

Table 9.12 presents a summary of the balances and transactions for share capital, loans and advances to international organizations. The revaluation amount represents the conversion of foreign currency balances to the year-end closing rates of exchange. Balances denominated in United States dollars were converted to Canadian dollars at year-end exchange rate of $1 USD/$1.3299 CAD.

Tables 11.4 and 11.6 of Section 11 of this volume present additional information on contractual obligations and contingent liabilities for international organizations that are disclosed in the notes to the audited consolidated financial statements in Section 2 of this volume.

The notes payable outstanding at year end of $36,161,313 ($35,312,954 in 2016) are reported in Table 5.3 in Section 5 of this volume.

Table 9.12
International organizations

(in dollars)

		Payments and other charges		Receipts and other credits		
	April 1, 2016	Participation or other charges	Revaluation	Reimbursements or other credits	Revaluation	March 31, 2017
Capital subscriptions[1]						
Finance						
Department of Finance						
European Bank for Reconstruction and Development	280,775,910		6,745,368			287,521,278
International Bank for Reconstruction and Development	558,968,948	13,034,592				572,003,540
International Development Association[2]	11,172,558,061	441,620,000				11,614,178,061
International Finance Corporation	105,638,855		2,537,871			108,176,726
Multilateral Investment Guarantee Agency	13,937,973		334,846			14,272,819
	12,131,879,747	*454,654,592*	*9,618,085*			*12,596,152,424*
Global Affairs						
Department of Foreign Affairs, Trade and Development						
African Development Bank	305,176,856	3,034,134	5,910,563			314,121,553
Asian Development Bank	380,010,655		3,986,253			383,996,908
Caribbean Development Bank	50,815,196		1,070,845			51,886,041
Inter-American Development Bank	321,334,302		7,640,022			328,974,324
Inter-American Investment Corporation	1,948,050		46,800			1,994,850
	1,059,285,059	*3,034,134*	*18,654,483*			*1,080,973,676*
	13,191,164,806	*457,688,726*	*28,272,568*			*13,677,126,100*

Table 9.12
International Organizations—*concluded*

(in dollars)

		Payments and other charges		Receipts and other credits		
	April 1, 2016	Participation or other charges	Revaluation	Reimbursements or other credits	Revaluation	March 31, 2017
Loans and advances						
Finance						
Department of Finance						
Global Environment Facility[2]	10,000,000					10,000,000
International Finance Corporation						
Financial Mechanism for Climate Change Facility	322,286,187			14,039,394		308,246,793
Global Agriculture and Food Security Program	46,252,481			5,531,274		40,721,207
International Monetary Fund						
Poverty Reduction and Growth Trust[1]	272,007,432			10,314,130	3,719,054	257,974,248
	650,546,100			*29,884,798*	*3,719,054*	*616,942,248*
Global Affairs						
Department of Foreign Affairs, Trade and Development						
International financial institutions[2]						
African Development Bank	593,895			125,000		468,895
African Development Fund	2,770,023,377	103,100,000	2,339,998			2,875,463,375
Andean Development Corporation	937,500			125,000		812,500
Asian Development Bank – Special	27,027,000					27,027,000
Asian Development Fund	2,305,885,132	47,690,124				2,353,575,256
Caribbean Development Bank						
Agricultural Development Fund	2,000,000					2,000,000
Commonwealth Caribbean Regional	5,194,800		124,800			5,319,600
Special	338,389,060	16,705,000	391,560			355,485,620
Central American Bank for Economic Integration	114,780			76,500		38,280
Global Environment Facility Trust Fund	835,820,000	54,750,000				890,570,000
Inter-American Development Bank						
Fund for Special Operations	395,285,252	732,686	5,637,159			401,655,097
International Bank for Reconstruction and Development	25,974,000		624,000			26,598,000
International Fund for Agriculture Development	429,383,396	12,500,000				441,883,396
International Monetary Fund	14,246,002		342,246			14,588,248
Montreal Protocol Multilateral Fund	114,121,047	5,294,831	832,555			120,248,433
Multilateral Investment Fund	49,308,294					49,308,294
	7,314,303,535	*240,772,641*	*10,292,318*	*326,500*		*7,565,041,994*
International organizations and associations[1]						
Berne Union of the World Intellectual Property Organization	39,192					39,192
Customs Co-operation Council	9,662					9,662
Food and Agriculture Organization	1,051,200					1,051,200
General Agreement on Tariffs and Trade	48,806					48,806
International Atomic Energy Agency	447,110					447,110
International Civil Aviation Organization	200,429					200,429
International Maritime Organization	2,202					2,202
Paris Union of the World Intellectual Property Organization	100,989					100,989
United Nations Educational, Scientific and Cultural Organization	872,987					872,987
United Nations organizations	3,632,480					3,632,480
World Health Organization	181,122					181,122
	6,586,179					*6,586,179*
	7,971,435,814	*240,772,641*	*10,292,318*	*30,211,298*	*3,719,054*	*8,188,570,421*
Subtotal	21,162,600,620	698,461,367	38,564,886	30,211,298	3,719,054	21,865,696,521
Less: portion expensed due to concessionary terms	1,253,325			169,232		1,084,093
Total	21,161,347,295	698,461,367	38,564,886	30,042,066	3,719,054	21,864,612,428

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[1] Loans and investments made prior to April 1, 1986 which were authorized by non-budgetary authorities.

[2] Loans and investments made since April 1, 1986 which were authorized by budgetary authorities.

European Bank for Reconstruction and Development

This account records Canada's subscriptions to the capital of the European Bank for Reconstruction and Development (EBRD), as authorized by the *European Bank for Reconstruction and Development Agreement Act*, and various appropriation acts.

At year end, Canada has subscribed to 102,049 shares of the EBRD's authorized capital valued at 1,020,490,000 EUR.

Only 212,850,000 EUR or about 21 per cent of Canada's share subscription is considered "paid-in". The balance is callable meaning the institution can request the resources in the unlikely event that it requires them to meet its financial obligations to bondholders. Payments for the share subscription are authorized by the Act. Each payment to the EBRD is comprised of cash and a promissory note.

Canada's contingent liability for the callable portion of its shares was 807,640,000 EUR.

Up to and including March 31, 2017, Canada's total cash contributions into the "paid-in" capital of the EBRD total $216,197,668 USD.

International Bank for Reconstruction and Development

This account records Canada's subscriptions to the capital of the International Bank for Reconstruction and Development (World Bank), as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2017, Canada has subscribed to 58,354 shares. The total value of these shares is $7,039,534,790 USD, of which $417,775,385 USD plus $16,404,055 CAD has been paid-in. The remaining portion is callable.

The callable portion is subject to call by the World Bank under certain circumstances. Canada's contingent liability for the callable portion of its shares is $6,606 million USD.

International Development Association

This account records Canada's contributions and subscriptions to the International Development Association (IDA), as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts (including the Department of Finance Vote 5, *Appropriation Act No. 2, 2016–2017*). The contributions and subscriptions to IDA, which is part of the World Bank Group, are used to lend funds to the poorest developing countries for development purposes, on highly favourable terms (no interest, with a 35 to 40 year maturity and 10 years of grace).

As at March 31, 2017, Canada's total participation in IDA amounted to $11,614,178,061 CAD.

International Finance Corporation

This account records Canada's subscriptions to the capital of the International Finance Corporation, which is part of the World Bank Group, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2017, Canada has subscribed to 81,342 shares. These shares have a total value of $81,342,000 USD, all of which has been paid-in.

Multilateral Investment Guarantee Agency

This account records Canada's subscriptions to the capital of the Multilateral Investment Guarantee Agency, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2017, Canada has subscribed to 5,225 shares. The total value of these shares is $56,534,500 USD, of which $10,732,250 USD is paid-in and the remaining portion is callable.

The callable portion is subject to call by the Multilateral Investment Guarantee Agency under certain circumstances. Canada's contingent liability for the callable portion of its shares is $45,802,250 USD.

African Development Bank

This account records Canada's subscriptions to the capital of the African Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 18,146 paid-in shares and 232,814 callable shares. Paid-in shares are purchased using direct payments.

As at March 31, 2017, Canada's participation to the paid-in capital is $314,121,553 CAD for 17,998 paid-in shares and of these paid-in shares, 13,470 were issued in US dollars.

The callable shares are subject to call by the African Development Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $984,917,646 CAD and $2,557,186,890 USD for a total value of $4,385,720,490 CAD.

Asian Development Bank

This account records Canada's subscriptions to the capital of the Asian Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 27,768 paid-in shares and 527,490 callable shares. Paid-in shares are purchased using direct payments.

As at March 31, 2017, Canada's participation to the paid-in capital is $383,996,908 CAD for 27,768 paid-in shares. Of these paid-in shares, 25,398 were issued in US dollars.

The callable shares are subject to call by the Asian Development Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $6,363,375,615 USD for a total value of $8,462,653,230 CAD.

Caribbean Development Bank

This account records Canada's subscriptions to the capital of the Caribbean Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 5,710 paid-in shares and 20,294 callable shares. Paid-in shares are purchased using direct payments.

As at March 31, 2017, Canada's participation to the paid-in capital is $51,886,041 CAD for 5,710 paid-in shares. These shares were issued in US dollars.

The callable shares are subject to call by the Caribbean Development Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $122,408,132 USD for a total value of $162,790,574 CAD.

Inter-American Development Bank

This account records Canada's subscriptions to the capital of the Inter-American Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 20,034 paid-in shares and 547,005 callable shares. Paid-in shares are purchased using direct payments.

As at March 31, 2017, Canada's participation to the paid-in capital is $328,974,324 CAD for 20,034 paid-in shares. These shares were issued in US dollars.

The callable shares are subject to call by the Inter-American Development Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $6,598,757,829 USD for a total value of $8,775,688,037 CAD.

Inter-American Investment Corporation

This account records Canada's subscriptions to the capital of the Inter-American Investment Corporation, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 4,088 paid-in shares. Paid-in shares are purchased using direct payments.

As at March 31, 2017, Canada's participation to the paid-in capital is $1,994,850 CAD for 150 paid-in shares. These shares were issued in US dollars.

Global Environment Facility

This account records the funding of a facility for environmental funding in developing countries in the areas of ozone, climate change biodiversity and international waters as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts. Advances to the Global Environment Facility (GEF) are made in non-negotiable, non-interest bearing demand notes that are later encashed.

As at March 31, 2017, advances to the GEF amounted to $10,000,000 CAD.

International Finance Corporation—Financial Mechanisms for Climate Change Facility

This account records Canada's financial support of the International Finance Corporation's (IFC)—Financial Mechanisms for Climate Change (FMCC) Facility as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts (including Finance Vote L12b, *Appropriation Act No. 4, 2010–2011* and Vote L17c, *Appropriation Act No. 5, 2012–2013*). The FMCC supports private sector engagement in climate change mitigation and adaptation activities through the provision of concessional and commercial financing arrangements.

As at March 31, 2017, advances to the IFC-FMCC amounted to $308,246,793 CAD. During the year, amounts were recovered through the FMCC trust mechanism based on the terms and conditions of project funding which is administered by the IFC in accordance with the administration agreement signed between the IFC and the Government of Canada.

International Finance Corporation—Global Agriculture and Food Security Program

This account records Canada's financial assistance to the International Finance Corporation (IFC) for participation in the G8 Food Security Initiative (FSI) as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2017, advances to the IFC-FSI amounted to $40,721,207 CAD.

During the year, amounts for front-end and commitment fees, interest and capital were repaid in accordance with the administration agreement signed between the IFC and the Government of Canada.

International Monetary Fund—Poverty Reduction and Growth Trust

This account records the loan to the International Monetary Fund's Poverty Reduction and Growth Trust (formerly the Poverty Reduction and Growth Facility) in order to provide assistance to qualifying low-income countries as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

The total loan authority pursuant to the *Bretton Woods and Related Agreements Act* was set at $550 million or such greater amount as may be fixed by the Governor in Council. The Governor in Council subsequently increased the limit to SDR 1.2 billion, and in the current year this limit was increased to SDR 1.7 billion.

As at March 31, 2017, Canada has lent a total of SDR 851,520,000 to the Poverty Reduction and Growth Trust. Of this amount, SDR 708,556,000 has been repaid.

The outstanding balance of SDR 142,964,000 was translated into Canadian dollars at the year-end closing rate of exchange (1 SDR /$1.80447 CAD). During the year, transactions included repayments and an exchange valuation adjustment.

Separately, Canada has also made budgetary contributions towards an interest subsidy amounting to SDR 215,157,946, which do not appear in Table 9.12.

International financial institutions

This account records loans and advances for assistance to international financial institutions, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including the Department of Foreign Affairs, Trade and Development Votes 20 and L25).

Loans and advances are made using direct payments. During the year, transactions included loans and advances made through direct payments and revaluations for foreign currency fluctuations.

International organizations and associations

These items represent the value of payments established in 2006 made by the Canadian Government to working capital funds maintained by international organizations of which Canada is a member. Participation in the financing of these working capital funds, on the basis of the scale of assessments, is prescribed by financial regulations for membership in the organizations. Payments into the funds are not subject to interest or repayment schedules, but are recorded by the organizations as credits from member states. Payments by Canada were authorized by appropriation acts.

Provincial and territorial governments

This category records loans to provinces and territories made under relief acts and other legislation.

Loans made on a long-term, low-interest or interest-free basis are recorded in part as expenses when the economic value of these loans is reduced due to their concessionary terms.

Table 9.13 presents a summary of the balances and transactions for the various types of loans and advances that have been made to provincial and territorial governments.

Table 9.13
Provincial and territorial governments

(in dollars)

	April 1, 2016	Payments and other charges	Receipts and other credits	March 31, 2017
Finance				
Department of Finance				
Newfoundland and Labrador				
Federal-provincial fiscal arrangements	271,188,100		4,519,800	266,668,300
Municipal Development and Loan Board	315,626			315,626
Winter capital projects fund	2,836,758			2,836,758
	274,340,484		*4,519,800*	*269,820,684*
Prince Edward Island				
Federal-provincial fiscal arrangements	653,352		108,912	544,440
Winter capital projects fund	63,079			63,079
	716,431		*108,912*	*607,519*
Quebec				
Federal-provincial fiscal arrangements	(45,657,750)	45,657,750	119,874,000	(119,874,000)
Ontario				
Federal-provincial fiscal arrangements	90,218,984		15,036,504	75,182,480
Saskatchewan				
Federal-provincial fiscal arrangements	132,889,808		13,288,992	119,600,816
Subtotal	452,507,957	45,657,750	152,828,208	345,337,499
Less: portion expensed due to concessionary terms	33,475,867	26,027,050	7,102,707	52,400,210
Total	419,032,090	19,630,700	145,725,501	292,937,289

Federal-provincial fiscal arrangements

These amounts represent net overpayments in respect of transfer payments to provinces under the *Constitution Acts 1867 to 1982*, the *Federal-Provincial Fiscal Arrangements Act*, and other statutory authorities.

The overpayments are non-interest bearing and will be repaid by reducing transfer payments in subsequent years.

Municipal Development and Loan Board

Loans have been made to provinces and municipalities, to augment or accelerate municipal capital works programs.

The loans bear interest at rates from 5.25 per cent to 5.375 per cent per annum, and are repayable in annual or semi-annual instalments over 15 to 50 years.

Winter capital projects fund

Loans have been made to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 7.4 per cent to 9.5 per cent per annum, and are repayable either in annual instalments over 5 to 20 years, or at maturity.

Other loans, investments and advances

This group records loans, investments and advances not classified elsewhere.

Table 9.14 presents a summary of the balances and transactions for the various types of other loans, investments and advances.

Table 9.14
Other loans, investments and advances

(in dollars)

	April 1, 2016	Payments and other charges	Receipts and other credits	March 31, 2017
Unconditionally repayable contributions				
Agriculture and Agri-Food				
Department of Agriculture and Agri-Food	118,234,867	27,787,019	10,504,500	135,517,386
Global Affairs				
Department of Foreign Affairs, Trade and Development	525,000,000	148,500,000		673,500,000
Innovation, Science and Economic Development				
Department of Industry	1,944,640,043	105,599,395	358,846,060	1,691,393,378
Atlantic Canada Opportunities Agency	339,128,333	80,713,884	70,983,199	348,859,018
Department of Western Economic Diversification	47,228,634	29,197,272	1,641,853	74,784,053
Economic Development Agency of Canada for the Regions of Quebec	467,479,513	119,276,872	76,904,641	509,851,744
Federal Economic Development Agency for Southern Ontario	226,731,319	72,767,440	32,666,207	266,832,552
	3,025,207,842	*407,554,863*	*541,041,960*	*2,891,720,745*
Subtotal	3,668,442,709	583,841,882	551,546,460	3,700,738,131
Less: portion expensed due to concessionary terms	237,063,846	84,755,824	19,267,332	302,552,338
Total—Unconditionally repayable contributions	3,431,378,863	499,086,058	532,279,128	3,398,185,793
Loans and accountable advances				
Global Affairs				
Department of Foreign Affairs, Trade and Development				
Missions abroad	42,644,022	162,221,856	159,790,287	45,075,591
Personnel posted abroad	24,377,405	16,863,773	14,100,988	27,140,190
	67,021,427	*179,085,629*	*173,891,275*	*72,215,781*
National Defence				
Department of National Defence				
Imprest accounts, standing advances and authorized loans	38,857,555	140,250,355	130,988,081	48,119,829
Miscellaneous accountable advances	19,908,139	40,752,540	16,879,278	43,781,401
Miscellaneous accountable imprest funds and standing advances	20,288,839	309,111	275,188	20,322,762
	40,196,978	*41,061,651*	*17,154,466*	*64,104,163*
Total—Loans and accountable advances	146,075,960	360,397,635	322,033,822	184,439,773
Other				
Agriculture and Agri-Food				
Department of Agriculture and Agri-Food				
Construction of multi-purpose exhibition buildings	35,593			35,593
Hog Industry Loan Loss Reserve Program	132,399,886		31,369,648	101,030,238
National Marketing Programs	260,725,672	43,826,802	98,727,903	205,824,571
	393,161,151	*43,826,802*	*130,097,551*	*306,890,402*
Families, Children and Social Development				
Department of Employment and Social Development				
Canada apprentice loans	85,271,271	71,434,890	8,339,354	148,366,807
Canada Student Loans Program	18,295,980,331	3,995,639,700	3,456,490,564	18,835,129,467
Provincial workers' compensation boards	13,607,001	1,650,000		15,257,001
	18,394,858,603	*4,068,724,590*	*3,464,829,918*	*18,998,753,275*
Finance				
Department of Finance				
Canadian Commercial Bank	42,202,293			42,202,293
Financial Consumer Agency of Canada—Advances		9,000,000	9,000,000	
	42,202,293	*9,000,000*	*9,000,000*	*42,202,293*
Fisheries, Oceans and the Canadian Coast Guard				
Department of Fisheries and Oceans				
Canadian producers of frozen groundfish	128,315			128,315
Haddock fishermen	1,343,337			1,343,337
	1,471,652			*1,471,652*

Table 9.14
Other loans, investments and advances—*concluded*

(in dollars)

	April 1, 2016	Payments and other charges	Receipts and other credits	March 31, 2017
Global Affairs				
Export Development Canada				
Support and development of trade	2,666,586,699	67,444,812	200,616,448	2,533,415,063
Immigration, Refugees and Citizenship				
Department of Citizenship and Immigration				
Immigration loans	46,554,992	18,713,751	16,820,166	48,448,577
Indigenous and Northern Affairs				
Department of Indian Affairs and Northern Development				
Council of Yukon First Nations – Elders	1,777,755		519,826	1,257,929
Farm Credit Canada Guarantee Loans Program	103,695		103,695	
First Nations in British Columbia	522,780,562	17,403,292	3,278,281	536,905,573
Indian Economic Development Fund	43,149			43,149
Indian Economic Development Guarantee Loans Program	422,127	82,663	159,189	345,601
Inuit Loan Fund	71,457			71,457
Native Claimants	455,628,169	20,919,071	15,321,256	461,225,984
On Reserve Housing Guarantee Loans Program	10,957,878		1,430,655	9,527,223
Stoney Band Perpetual Loan	389,615			389,615
	992,174,407	*38,405,026*	*20,812,902*	*1,009,766,531*
Innovation, Science and Economic Development				
Department of Industry				
Manufacturing, processing and service industries in Canada	110,000,000		110,000,000	
Other business loans	72,424,806	59,937,014	60,077,457	72,284,363
Economic Development Agency of Canada for the Regions of Quebec				
Advances for the working capital fund of entrepreneurs' assistance centers		465,617		465,617
National Research Council of Canada				
H.L. Holmes Fund	5,069,755	67,300		5,137,055
	187,494,561	*60,469,931*	*170,077,457*	*77,887,035*
Public Services and Procurement				
Department of Public Works and Government Services				
Seized Property Working Capital Account	(2,748,871)	37,073,066	39,249,643	(4,925,448)
Transport				
Department of Transport				
Greater Victoria Harbour Authority	2,108,549		42,720	2,065,829
St. Lawrence Seaway Management Corporation	173,698			173,698
	2,282,247		*42,720*	*2,239,527*
Treasury Board				
Treasury Board Secretariat				
Federal Public Service Health Care Administration Authority	558,852	1,979,534	2,037,016	501,370
Joint Learning Program	263,121	1,909,207	2,077,298	95,030
	821,973	*3,888,741*	*4,114,314*	*596,400*
Veterans Affairs				
Department of Veterans Affairs				
Commonwealth War Graves Commission	55,962		5,976	49,986
Veterans' Land Fund – Advances	1,807			1,807
	57,769		*5,976*	*51,793*
Miscellaneous loans, investments and advances	310,713	20,690	71,422	259,981
Transition payments – Pay in arrears	665,388,433	295,387	18,341,575	647,342,245
	665,699,146	*316,077*	*18,412,997*	*647,602,226*
Subtotal – Other	23,390,616,622	4,347,862,796	4,074,080,092	23,664,399,326
Less: portion expensed due to concessionary terms and other discounts	64,899,755		12,621,135	52,278,620
	23,325,716,867	4,347,862,796	4,061,458,957	23,612,120,706
Add: consolidation adjustment[1]	2,694,006,000		323,421,000	2,370,585,000
Total – Other	26,019,722,867	4,347,862,796	4,384,879,957	25,982,705,706
Total	29,597,177,690	5,207,346,489	5,239,192,907	29,565,331,272

[1] Additional information on consolidated Crown corporations and other entities is also provided in Section 4 of this volume.

Unconditionally repayable contributions

Unconditionally repayable contributions are in substance loans, and are generally made to businesses pursuant to various Acts of Parliament, with various amounts outstanding.

These loans are aimed at stimulating economic development or for assistance. They bear various interest rates, some of which have concessional terms, and are repayable at various due dates with final instalments generally due within up to 10 years of initial disbursement.

Loans made on a long-term, low-interest or interest-free basis are recorded in part as expenses when the economic value of the loans is reduced due to their concessionary terms.

Missions abroad

Non-interest bearing advances have been made for interim financing of expenses at missions abroad, pending distribution to appropriations of the Department of Foreign Affairs, Trade and Development and other departments and agencies.

The total amount authorized to be outstanding at any time is $50,000,000.

Personnel posted abroad

A working capital advance account was established to finance loans and advances to employees posted abroad, including employees of other Government departments and agencies, as well as medical advances to locally-engaged staff.

The total amount authorized to be outstanding at any time is $38,200,000, as last amended by Foreign Affairs and International Trade Vote L12c, *Appropriation Act No. 5, 2009–2010*.

The closing balance consists of loans to employees, $20,211,528; advances for medical expenses, $1,576,673; advances for workmen's compensation, $6,853; security and other deposits under Foreign Service Directives, $2,846,594 and, school and club debentures, $2,498,542.

The loans to employees bear interest at rates from 0.75 per cent to 1.25 per cent per annum, and are repayable within 4 years, with final instalments between April 1, 2016 and March 31, 2020.

Imprest accounts, standing advances and authorized loans

This account was established for the purpose of financing: *(a)* public funds imprest and public funds advance accounts; *(b)* standing advances; *(c)* authorized loans and advances to employees posted abroad; and *(d)* authorized recoverable advances to establish military messes and canteens.

The total amount authorized to be outstanding at any time is $120,000,000, as last amended by the Department of National Defence Vote L11b, *Appropriation Act No. 4, 2001–2002*.

Miscellaneous accountable advances

The closing balance reflects amounts outstanding in the hands of departments, agencies and individuals, at year end, to be expended in the following year.

Miscellaneous accountable imprest funds and standing advances

This account is operated to provide imprest funds, accountable advances and recoverable advances to departments and agencies.

The total amount authorized to be outstanding at any time is $22,000,000.

Construction of multi-purpose exhibition buildings

The remaining loan has been made to finance the construction of a multi-purpose exhibition building.

Hog Industry Loan Loss Reserve Program

Loans made by financial institutions under the Hog Industry Loan Loss Reserve Program are partially guaranteed by the Crown. Where the producers have defaulted and the lenders have carried out regular collection activities, the Crown becomes subrogated to the lender's rights against the producer in default, to the extent of an amount equal to the withdrawal from the Reserve Fund.

National Marketing Programs

Loans made by financial institutions under the *Canadian Agricultural Loans Act* and advances made by producer organizations under the *Agricultural Marketing Programs Act* are guaranteed by the Crown. Where the guarantee is honoured, the Crown becomes subrogated to the financial institution's or producer organization's rights to outstanding principal, interest and costs.

Canada apprentice loans

Canada apprentice loans are administrated under the authority of Section 4 of the *Apprentice Loans Act* which came into effect on January 2, 2015. The Minister of Employment, Workforce Development and Labour is authorized to enter into a loan agreement directly with any eligible apprentice. The loans bear interest at either a variable rate (prime rate plus 2.5 per cent) or a fixed rate (prime rate plus 5.0 per cent). Apprentices are not required to pay interest on their loans while they are still in their apprenticeship program. The typical repayment period is 10 years, but the maximum period is 15 years. Borrowers having difficulty repaying their loans may be eligible for assistance under the Repayment Assistance Plan.

The total amount of apprentice loans issued under the authority of the *Apprentice Loans Act* may not exceed $1.5 billion. The total amount of outstanding apprentice loans as at March 31, 2017 amounts to $148,366,807 ($85,271,271 as at March 31, 2016). During the year, no loans were written off (none as at March 31, 2016).

Canada Student Loans Program

Since August 1, 2000, Canada Student Loans are issued under the Direct Loan Regime. Before this date, the loans were issued under the Guaranteed Loan Regime (1964–1995) or under the Risk-Shared Loan Regime (1995–2000). Under these three different regimes, no security is received from the students and the loans bear interest at either a variable rate (prime rate plus 2.5 per cent) or a fixed rate (prime rate plus 5.0 per cent). Students are not required to pay interest on their loans while they are still studying. The typical repayment period is 10 years, but the maximum period is 15 years. Borrowers having difficulty repaying their loans may be eligible for assistance under the Repayment Assistance Plan.

The total amount of direct loans issued under the authority of the *Canada Student Financial Assistance Act* and outstanding risk-shared loans bought-back by the Department of Employment and Social Development may not exceed 24 billion dollars.

During the year, loans and interest receivable on these loans totaling $174,802,163 ($172,045,002 as at March 31, 2016) were written off by the Department of Employment and Social Development Vote 7c from the *Appropriation Act No. 5, 2016–2017* and $31,111,553 ($95,293,311 as at March 31, 2016) were written off pursuant to Section 25.1 of the *Financial Administration Act*. In addition, loans and interest receivable on these loans totalling $284,065,948 ($238,236,858 as at March 31, 2016) were forgiven as per the *Canada Student Financial Assistance Act* and $25,971,051 ($34,696 as at March 31, 2016) were forgiven as per the *Canada Student Loans Act*.

Direct loans to students

Loans issued on or after August 1, 2000 are administered under the authority of Section 6.1 of the *Canada Student Financial Assistance Act*, which authorizes the Minister of Employment, Workforce Development and Labour to enter into loan agreements directly with any qualifying student. Agreements are subject to the terms and conditions approved by the Governor in Council, on the recommendation of the Minister of Employment, Workforce Development and Labour with the concurrence of the Minister of Finance. The total amount of outstanding direct loans as at March 31, 2017 amounts to $18,667,584,363 ($18,091,457,031 as at March 31, 2016).

Risk-shared student loans

Loans issued prior to August 1, 2000 and on or after August 1, 1995 are amounts related to student loans subrogated to the Crown under the authority of the *Canada Student Financial Assistance Act*. The total amount of loans outstanding as at March 31, 2017 amounts to $58,850,195 ($68,353,582 as at March 31, 2016) for loans owned by the Department of Employment and Social Development and $905,566,563 ($966,926,519 as at March 31, 2016) for loans under the current ownership of the financial institutions.

Guaranteed student loans

Loans issued prior to August 1, 1995 are amounts related to student loans subrogated to the Crown under the authority of the *Canada Student Loans Act*. The total amount of loans outstanding as at March 31, 2017 amounts to $108,694,909 ($136,169,718 as at March 31, 2016) for loans owned by the Department of Employment and Social Development and $3,933,548 ($5,530,501 as at March 31, 2016) for loans under the current ownership of the financial institutions.

Provincial workers' compensation boards

This account is operated under the authority of subsection 4(6)*(b)* and *(e)* of the *Government Employees Compensation Act*, to provide funds to enable provincial workers' compensation boards to administer claims on behalf of the Crown, and provide compensation benefits to Canadian Government employees injured or ill in the course of their employment.

The total amount of advances that is authorized to be made for each provincial workers' compensation board is not to exceed three months' disbursements for compensation.

The advances are subject to the terms and conditions of agreements with provincial workers' compensation boards and are to be repaid on termination of those agreements.

Canadian Commercial Bank

Advances have been made to the Canadian Commercial Bank representing the Government's participation in the support group as authorized by the *Canadian Commercial Bank Financial Assistance Act*. These funds represent the Government's participation in the loan portfolio that was acquired from the Bank and the purchase of outstanding debentures from existing holders.

Financial Consumer Agency of Canada

Interest-bearing advances have been made to defray the cost of operation of the Agency pursuant to Section 13(1) of the *Financial Consumer Agency of Canada Act*.

Canadian producers of frozen groundfish

Loans have been made to Canadian producers of frozen groundfish, canned and frozen crabmeat, and canned and frozen lobster meat, to assist in the financing of inventories.

The loans bore interest at the rate of 13 per cent per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1987. These loans are deemed unrecoverable and parliamentary authority is required to write off the balance.

Haddock fishermen

Loans have been made to Nova Scotia haddock fishermen whose fishery was closed from February 1 to May 31, 1975, pursuant to an agreement under the International Agreement for the Northwest Atlantic Fisheries. The total loan authority is $1,650,000.

The loans bore interest at the rate of 8 per cent per annum, and were repayable in equal annual instalments over 4 years, with the final instalment in 1979. These loans are deemed unrecoverable and parliamentary authority is required to write off the balance.

Support and development of trade

Pursuant to Section 23 of the *Export Development Act*, the Minister for International Trade, with the concurrence of the Minister of Finance, may authorize Export Development Canada (EDC) to enter into certain transactions or class of transactions where the Minister is of the opinion it is in the national interest and where EDC has advised the Minister that it will not enter into such transactions without such authorization. Funding for such transactions is provided by the Minister of Finance out of the Consolidated Revenue Fund and the transactions are administered by EDC on behalf of the Government of Canada.

EDC's mandate is to support and develop, directly or indirectly, Canada's export trade, and Canadian capacity to engage in that trade and respond to international business opportunities. In 2014, new regulations came into force which clarify the circumstances in which EDC can provide support within Canada in fulfillment of its mandate. During the year, no Canada Account transactions were entered into in the support and development of domestic trade.

Loan transactions with longer repayment terms or low or zero interest rates are recorded in part as expenses when the economic value is reduced due to such concessionary terms.

Tables 11.4 and 11.5 of Section 11 of this volume present additional information on contractual obligations and guarantees that are disclosed in the notes to the audited consolidated financial statements of Section 2 of this volume.

The following table presents the balances and transactions for loans made to non-sovereign entities, together with their terms and conditions of repayments.

(in dollars)

		Payments and other charges		Receipts and other credits		
	April 1, 2016	Payments or other charges[1]	Revaluation	Receipts or other credits[2]	Revaluation	March 31, 2017
Export trade						
(a) 6 to 10 year term, 8.28 per cent to 10.28 per cent interest per annum, with final repayments between February 2008 and April 2011:						
Antigua	38,961		936			39,897
(b) 11 to 15 year term, comprised of several loans with fixed or variable interest rates currently ranging from 2.44 per cent to 4.18 per cent per annum, with final repayments between May 2021 and November 2022:						
Sweden	29,523,332		608,744	17,436,959		12,695,117
(c) 16 to 20 year term, comprised of several loans with fixed or variable interest rates currently ranging from 1.85 per cent to 5.89 per cent per annum, with final repayments between December 2017 and March 2023:						
United States	873,751,582		25,151,720	181,815,123		717,088,179
(d) Term loan, interest based on the higher of 2.0 per cent or London Interbank Offered Rate (LIBOR), plus a range of rates from 3.0 per cent to 8.0 per cent interest per annum, with final repayments between June 2009 and July 2010:						
United States	1,763,000,904		41,678,034	1,364,366		1,803,314,572
Insurance claims paid during the year:						
United States	271,920		5,378			277,298
Subtotal	2,666,586,699		67,444,812	200,616,448		2,533,415,063
Less: portion expensed due to concessionary terms						
Total – Export trade	2,666,586,699		67,444,812	200,616,448		2,533,415,063

Final repayment dates may change if loan amounts are rescheduled or restructured.

[1] Payments or other charges may include transactions such as loans, adjustments, etc.

[2] Receipts or other credits may include transactions such as repayments, forgiveness, etc.

Immigration loans

Section 88 of the *Immigration and Refugee Protection Act* authorizes the making of loans for the purpose of the Act.

The total amount authorized to be outstanding at any time is $110,000,000.

The terms and conditions of the loans, with their year-end balances, are as follows:

(a) repayable by monthly instalments over 1 to 6 years with a possible deferment of 2 years, bearing interest at rates from 0.76 per cent to 9.06 per cent per annum, for a total amount of $48,444,468 of which $15,018,159 is in arrears; and

(b) repayable by monthly instalments over 1 to 6 years with a possible deferment of 2 years, non-interest bearing, for a total past due amount of $4,109.

Council of Yukon First Nations—Elders

Loans have been made to the Council of Yukon First Nations to provide interim benefits to elderly Yukon Indians pending settlement of Yukon Indian land claims.

The terms and conditions of the loans are as follows:

(a) loans made before an agreement-in-principle for the settlement of a claim is reached are non-interest bearing;

(b) loans made after the date on which an agreement-in-principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and

(c) loans are due and payable, as to principal and interest, on the date on which the claim is settled or on a date fixed in the loan agreement or promissory note, whichever date is earlier.

All the loans outstanding at year end bear interest at a rate from of 6.00 per cent per annum.

Farm Credit Canada Guarantee Loans Program

The Farm Credit Canada Guarantee Loans Program was discontinued as of November 14, 1989. The last active loan guarantee has expired and no future loan guarantees will be given under this program.

As of March 31, 2017, there is no outstanding defaulted loans. During 2016–2017, the outstanding balances of defaulted loans were written-off as they were previously deemed to be unrecoverable.

First Nations in British Columbia

Loans have been made to First Nations in British Columbia to support their participation in the British Columbia Treaty Commission process related to the research, development and negotiation of treaties.

During the year, loans were authorized by the Department of Indian Affairs and Northern Development Vote L20a, *Appropriation Act No.2, 2016–2017*.

The terms and conditions of the loans are as follows:

(a) loans made before an agreement-in-principle for the settlement of a treaty is reached are non-interest bearing;

(b) loans made before April 1, 2004 and after the date on which an agreement-in-principle for the settlement of a treaty has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations;

(c) loans made between April 1, 2004 and March 31, 2017 and after the date on which an agreement-in-principle for the settlement of a treaty has been reached, shall be interest free, unless the loans become due and payable during this period; and

(d) loans are due and payable by the First Nations and will pay the loan on the earliest of the following dates:

   i. date on which the treaty is settled;

   ii. twelfth anniversary of the first loan advance to the First Nations under the earliest First Nations' funding agreement;

   iii. seventh anniversary after the signing of an agreement-in-principle; or

   iv. date the federal minister demands payment of the loans due to an event of default under this agreement or under any First Nations' funding agreement.

The interest-bearing and non-interest bearing portions of the loans outstanding at year end are $22,421,639 and $514,483,934 respectively. Rates are from 0.66 per cent to 4.64 per cent per annum for the interest-bearing portion.

Indian Economic Development Fund

Loans have been made for the purposes of economic development of Indians to Indians or Indian bands, or to individuals, partnerships or corporations, the activities of which contribute or may contribute to such development.

The total amount authorized to be outstanding at any time is $48,550,835, as last amended by the Department of Indian Affairs and Northern Development Vote 7b, *Appropriation Act No. 4, 1996–97*.

All outstanding loans bear interest at rates from 7.00 per cent to 11.25 per cent per annum.

Indian Economic Development Guarantee Loans Program

The Indian Economic Development Guarantee authority, established under Vote L53b, *Appropriation Act No. 1, 1970*, amended under P.C. 1977-3608, authorized the department to guarantee loans for Indian businesses on a risk-sharing basis with commercial lenders. The guarantee level is not to exceed at any time $60,000,000, less the total amount of payments made to implement previous guarantees under that authority.

Simple interest, usually based on a percentage plus the prime rate, will accrue on the debt after payout. All payments, including accrued interest, remain as a debt of the client until recovered in full.

Inuit Loan Fund

Loans have been made to individual Inuit or groups of Inuit to promote commercial activities and gainful occupations. Loans have also been made to co-operative associations, credit unions, caisses populaires or other credit societies incorporated under provincial laws, where the majority of members are Inuit, or to corporations incorporated under the laws of Canada, or provincial laws, where the controlling interest is held by Inuit.

The total amount authorized to be outstanding at any time is $6,633,697, as last amended by the Department of Indian Affairs and Northern Development Vote 37b, *Appropriation Act No. 4, 1995–96*.

The remaining loan bears interest at a rate of 5.50 per cent per annum.

Native claimants

Loans have been made to native claimants to defray the costs related to the research, development and negotiation of claims.

During the year, loans were authorized by the Department of Indian Affairs and Northern Development Vote L15, *Appropriation Act No. 2, 2016–2017*.

The terms and conditions of the loans are as follows:

(a) loans made before an agreement-in-principle for the settlement of a claim is reached are non-interest bearing;

(b) loans made after the date on which an agreement-in-principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and

(c) loans are due and payable as to principal and interest on the date on which the claim is settled, or on a date fixed in the agreement.

The interest bearing and the non-interest bearing portions of the loans outstanding at year end are $53,379,381 and $407,846,603 respectively. Rates are from 0.69 per cent to 11.89 per cent per annum for the interest-bearing portion.

On Reserve Housing Guarantee Loans Program

On Reserve Housing guarantees provide needed support to Indian or Indian bands residing on reserves or Crown land. Reserves are, as such, non-mortgageable and the ministerial guarantee provides security to the lending institution in the event of a default by the client.

The total amount authorized to be outstanding at any time is $2.2 billion, as last amended by the Department of Indian Affairs and Northern Development Vote 7b, *Appropriation Act No. 4, 2008–2009*.

If a loan made under the Minister's guarantee goes into default, the lender has recourse to the Minister for reimbursement. In 1987, a reserve for losses of $2 million per annum was established within the department's reference levels to cover all Guarantee Loan Programs administered by the Department of Indian Affairs and Northern Development. Such payments remain a debt of the First Nation to the Crown and interest is accrued and capitalized on these debts at the contract interest rate applicable at the time the loan was assigned to the Minister. Recovery of the debt is made to the extent possible, from the security used as collateral, such as land claim funds, or through repayment agreements.

Stoney Band Perpetual Loan

In 1946, loans were made to Stoney Band of Alberta (Band) for land acquisition beyond their treaty entitlement.

A loan not exceeding $500,000 was made to purchase additional land. Under the terms of the agreement, as stated in Treasury Board Minutes, P.C. 2/1437 dated April 11, 1946, the Band assigned monies accruing to them, from the rental of their water resources, to provide interest payments at the rate of 3.00 per cent annually on the amount of the loan that had actually been expended. In the same agreement, the Band resolved that the Department allots $200,000 to the Pekisko Group, and $300,000 for the additions to Morley Reserve.

Manufacturing, processing and service industries in Canada

This account records loans made to persons engaged or about to engage or assist in manufacturing, processing or service industries in Canada in order to promote the establishment, improvement, growth, efficiency or international competitiveness of such industries or to assist them in their financial restructuring.

Loans are authorized by Industry Vote L20, *Appropriation Act No. 2*. During the year, no loans were issued.

There is one remaining loan which is interest free unless it goes into default, and otherwise is repayable at maturity on April 1, 2017. The payment was received March 31, 2017.

During the year, the account was closed.

Other business loans

This account records money owed to the Government by borrowers upon default of loans that are subject to statutory authorities, pursuant to the *Small Business Loans Act* and the *Canada Small Business Financing Act*. These authorities provide for the payment of claims or the sharing of loan losses between lenders and the Government.

Advances for the working capital fund of entrepreneurs' assistance centers

Advances have been made to support the working capital fund of entrepreneurs' assistance centers providing services to start-up companies, future entrepreneurs and small and medium-sized enterprises.

H.L. Holmes Fund

This account was established pursuant to paragraph 5(1)*(f)* of the *National Research Council Act* to record the residue of the estate of H.L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H.L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

Seized Property Working Capital Account

This account was established by Section 12 of the *Seized Property Management Act*. Expenses incurred, and advances made, to maintain and manage any seized or restrained property and other properties subject to a management order or forfeited to Her Majesty, are charged to this account. This account is credited when expenses and advances to third parties are repaid or recovered and when revenues from these properties or proceeds of their disposal are received and credited with seized cash upon forfeiture.

The total amount authorized to be outstanding at any time is $50,000,000.

Any shortfall between the proceeds from the disposition of any property forfeited to Her Majesty and the amounts that were charged to this account and that are still outstanding, is charged to a Seized Property Proceeds Account and credited to this account.

Greater Victoria Harbour Authority

The Victoria Harbour loan receivable relates to the sale of a parcel of Victoria Harbour land. A discount of $271,039 is recorded to reflect the concessionary nature of the loan.

The loan bears interest at the rate of 4.9 per cent per annum, and is repayable over 15 years, with the final instalment on May 9, 2020.

St. Lawrence Seaway Management Corporation

This account was established by subsection 80(1) of the *Canada Marine Act*. Loans previously managed by the St. Lawrence Seaway Authority are now managed by the St. Lawrence Seaway Management Corporation in accordance with an agreement between the Department of Transport and the Corporation. The repayments of these loans are recorded in this account.

The loan bore interest at a rate of prime plus 2.0 per cent per annum. The final instalment of the existing terms was anticipated for March 2013. During the year 2014, a reclassification was done to transfer the accumulated interest to the capital portion.

As of March 31, 2017, the remaining amount of this loan is deemed unrecoverable and parliamentary authority is required to write-off the balance.

Federal Public Service Health Care Administration Authority

The Federal Public Service Health Care Plan Administration Authority (referred to as the Administration Authority) was incorporated, without share capital, under subsection 7.2(1) of the *Financial Administration Act* effective May 1, 2007. Effective May 31, 2007, the assets and liabilities of the Public Service Health Care Plan (PSHCP) were transferred to the Government of Canada and to the Administration Authority as directed by the President of the Treasury Board of Canada and consistent with the Trust Agreement, which terminated May 31, 2007.

The Administration Authority is charged with the administration of the PSHCP. Its objective is to ensure that benefits and services to plan members and their covered dependants, as defined in the PSHCP documentation, are delivered in a manner that ensures the effective and efficient administration of the PSHCP. Payments are made to the Administration Authority under Vote 20 and are authorized under the terms of reference of the funding agreement between the President of the Treasury Board and the Administration Authority. The funding agreement allows for the transfer of funds from the Treasury Board of Canada Secretariat to the Administration Authority in four quarterly instalments upon approval of the operating budget by the Secretary of the Treasury Board of Canada. These quarterly instalments are made in advance and actual expenses are recorded upon approval of the *Administration Authority's Quarterly Financial Report*.

Joint Learning Program

Advances have been made to the Public Service Alliance of Canada (PSAC) for the Joint Learning Program (JLP). Following the collective bargaining rounds of October 2004, 2008 and subsequently of 2010, a Memorandum of Understanding between the Treasury Board and PSAC was included in the collective bargaining agreements to provide funding for a JLP. The JLP is a negotiated partnership between PSAC and the Treasury Board of Canada Secretariat (TBS). The objective of the JLP is to improve labour relations in the public service. It is intended to provide joint union-management learning opportunities in areas where both parties have roles and responsibilities, and for which the employer does not already have a legal obligation to provide training.

Payments are made to PSAC under Vote 20 and are authorized under the terms of reference of the Program. The terms of reference include the program costs, funding conditions, payment conditions, timelines, as well as a schedule of payments. The schedule of payments provides for a 3-month advance from TBS to PSAC to provide for program delivery costs. When actual expenses are reported every three months, the advance is reversed and the expenditure is recorded.

Commonwealth War Graves Commission

Advances have been made to the working capital fund of the Commonwealth War Graves Commission, to maintain graves and cemeteries.

At year end, the balance of the advances was 30,000 GBP. This balance was converted to Canadian dollars, using the year-end rate of exchange. The advances are non-interest bearing and have no fixed terms of repayments.

Veterans' Land Fund

Advances

Advances have been made, under Parts I and III of the *Veterans' Land Act*, for the acquisition of land, permanent improvements, removal of encumbrances, purchase of stock and equipment, and protection of security. The total amount authorized to be outstanding at any time is $605,000,000.

Allowance for conditional benefits

A provision equal to 1/10 of the benefits to veterans was established each year up to and including 1978–1979. Since that time, a forecast of requirements has been performed each year, and provisions are established as necessary. These provisions are charged to expenses and credited to the allowance for conditional benefits account. This account represents the accumulated net provisions for benefits to veterans in the form of forgiveness of loans authorized by the *Veterans' Land Act*. These benefits come into effect only after certain conditions are fulfilled by the veterans. At the end of 10 years, the conditions having been met, the accumulated provision is charged to the allowance for conditional benefits account, and credited to the veteran's loan account.

Miscellaneous loans, investments and advances

This account represents amounts outstanding in the hands of agencies and individuals, at year end. This group records loans, investments and advances not classified elsewhere.

Transition payments—Pay in arrears

During the 2014–2015 fiscal year, a one-time payment was issued to employees as a result of the implementation of pay in arrears. This amount will be recovered from the employees upon their departure from the public service. The amount at year-end represents the balance to be recovered in the future.

Consolidation adjustment

The consolidation adjustment reflects the total loans, investments and advances held by consolidated Crown corporations and other entities. These mainly include investments such as bonds, money market funds and fixed income securities.

Allowance for Valuation

In accordance with the comprehensive policy on valuation, assets are subject to an annual valuation to reflect reductions from the recorded value to the estimated net recoverable value.

The allowance for valuation, for loans, investments and advances, represents the estimated losses on the realization of the loans, investments and advances included in the accounts of Canada at year end.

Section 10

2016–2017

Public Accounts of Canada

Non-financial assets

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Non-financial assets

Non-financial assets are assets that have an economic life that extends beyond the accounting period and that are intended for consumption in the normal course of operations. They are converted into expense in future periods and include tangible capital assets, inventories, and prepaid expenses.

Tangible capital assets consist of acquired, built, developed or improved tangible assets, which are intended to be used on a continuous basis and are not intended for sale in the ordinary course of business. For financial reporting purposes, tangible capital assets are grouped in the following categories: land, buildings, works and infrastructure, machinery and equipment, vehicles, leasehold improvements, assets under construction, and assets under capital leases.

Inventories are items of tangible property that are to be used in the delivery of program outputs. Some revolving funds and a few departments may have inventories held for resale to parties outside the Government.

Prepaid expenses and other are disbursements made, pursuant to a contract, before the completion of the work, delivery of the goods or rendering of the service.

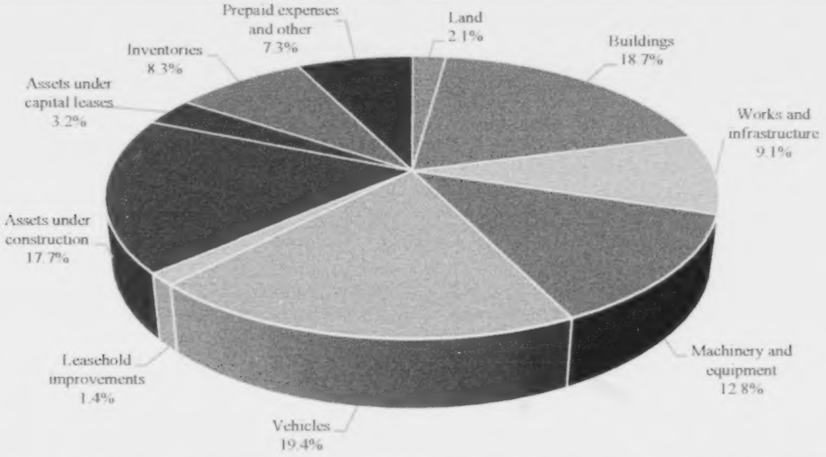
Table 10.1 presents the non-financial assets by category. The charts present non-financial assets by category and by fiscal year at March 31.

Table 10.1
Non-financial assets by category

(in thousands of dollars)

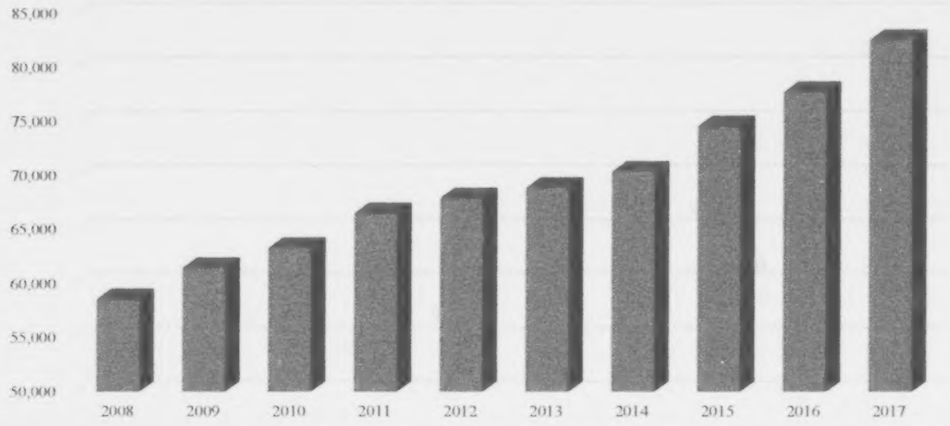
	March 31, 2017	March 31, 2016
Net tangible capital assets, Table 10.2		
Land	1,717,517	1,665,250
Buildings	15,463,333	14,948,686
Works and infrastructure	7,499,890	6,433,048
Machinery and equipment	10,538,038	9,851,603
Vehicles, Table 10.3	16,031,885	16,367,357
Leasehold improvements	1,128,202	1,170,515
Assets under construction	14,651,835	12,574,468
Assets under capital leases, Table 10.4	2,645,014	2,826,935
	69,675,714	*65,837,862*
Inventories	6,841,999	7,221,554
Prepaid expenses and other	6,039,763	4,705,789
Total	82,557,475	77,765,205

Non-financial assets by category at March 31, 2017



Non-financial assets at March 31, 2017

(in millions of dollars)



Tangible capital assets

Table 10.2 presents tangible capital assets by main custodian ministries.

Table 10.2
Tangible capital assets by main custodian ministries

(in thousands of dollars)

	Land	Buildings	Works and infrastructure	Machinery and equipment
Capital assets at cost				
Canadian Heritage	387,202	2,068,869	713,341	1,640,530
Environment and Climate Change	203,687	1,084,736	3,404,507	941,769
Fisheries, Oceans and the Canadian Coast Guard	22,100	740,477	2,598,449	517,715
Global Affairs	291,288	1,624,105	8,611	198,234
Infrastructure and Communities	111,738	—	698,940	39,927
Innovation, Science and Economic Development	11,293	993,535	50,075	2,551,907
National Defence	87,352	11,357,831	2,629,303	21,935,332
Public Safety and Emergency Preparedness	84,797	4,672,643	864,222	2,001,365
Public Services and Procurement	245,782	5,793,045	1,415,166	2,398,562
Transport	242,933	1,376,651	4,058,134	1,460,791
Other ministries	29,345	1,974,469	125,326	3,956,471
Gross total capital assets	1,717,517	31,686,361	16,566,074	37,642,603
Accumulated amortization				
Canadian Heritage	—	937,774	446,119	1,228,346
Environment and Climate Change	—	746,405	1,924,308	649,303
Fisheries, Oceans and the Canadian Coast Guard	—	496,179	1,413,297	360,990
Global Affairs	—	959,183	1,040	134,564
Infrastructure and Communities	—	—	207,508	36,554
Innovation, Science and Economic Development	—	666,741	33,350	1,984,685
National Defence	—	4,530,510	1,499,784	15,981,399
Public Safety and Emergency Preparedness	—	2,162,711	510,819	1,415,459
Public Services and Procurement	—	3,587,396	624,399	1,601,158
Transport	—	828,109	2,349,554	966,117
Other ministries	—	1,308,020	56,006	2,745,990
Total accumulated amortization	—	16,223,028	9,066,184	27,104,565
Total net capital assets				
Canadian Heritage	387,202	1,131,095	267,222	412,184
Environment and Climate Change	203,687	338,331	1,480,199	292,466
Fisheries, Oceans and the Canadian Coast Guard	22,100	244,298	1,185,152	156,725
Global Affairs	291,288	664,922	7,571	63,670
Infrastructure and Communities	111,738	—	491,432	3,373
Innovation, Science and Economic Development	11,293	326,794	16,725	567,222
National Defence	87,352	6,827,321	1,129,519	5,953,933
Public Safety and Emergency Preparedness	84,797	2,509,932	353,403	585,906
Public Services and Procurement	245,782	2,205,649	790,767	797,404
Transport	242,933	548,542	1,708,580	494,674
Other ministries	29,345	666,449	69,320	1,210,481
Total net capital assets	1,717,517	15,463,333	7,499,890	10,538,038

Certain comparative figures have been reclassified to conform to the current year's presentation. Details on the reclassification are provided in Note 2, Section 2 of this volume.

[1] Details can be found in Table 10.3.

[2] Details can be found in Table 10.4.

Vehicles[1]	Leasehold improvements	Assets under construction	Assets under capital leases[2]	Total March 31, 2017	Total March 31, 2016
35,199	175,755	276,306	207,156	5,504,358	5,164,627
165,127	52,978	737,767	39,167	6,629,738	6,084,388
2,431,895	517,848	1,098,513	–	7,926,997	7,205,514
59,830	297,390	296,705	–	2,776,163	2,640,182
104	6,513	1,460,100	–	2,317,322	1,413,047
37,222	82,298	1,286,842	64,259	5,077,431	4,822,780
36,267,841	93,069	6,032,408	846,734	79,249,870	76,750,294
737,219	209,541	1,022,245	30,437	9,622,469	9,239,657
9,309	986,597	1,383,837	2,798,921	15,031,219	14,298,205
2,099,684	153,590	323,343	818,820	10,533,946	9,570,210
145,786	671,415	733,769	96,394	7,732,975	7,405,421
41,989,216	3,246,994	14,651,835	4,901,888	152,402,488	144,594,324
24,264	97,200	–	137,025	2,870,728	2,714,412
107,650	39,723	–	18,440	3,485,829	3,396,239
1,524,449	358,711	–	–	4,153,626	4,011,108
33,564	175,109	–	–	1,303,460	1,219,904
24	3,649	–	–	247,735	214,562
24,902	49,396	–	31,397	2,790,471	2,687,070
22,466,034	45,380	–	653,727	45,176,834	42,935,638
445,082	124,559	–	5,510	4,664,140	4,379,791
6,644	648,885	–	1,225,070	7,693,552	7,313,714
1,226,121	96,293	–	162,399	5,628,593	5,299,816
98,597	479,887	–	23,306	4,711,806	4,584,210
25,957,331	2,118,792		2,256,874	82,726,774	78,756,462
10,935	78,555	276,306	70,131	2,633,630	2,450,215
57,477	13,255	737,767	20,727	3,143,909	2,688,150
907,446	159,137	1,098,513	–	3,773,371	3,194,406
26,266	122,281	296,705	–	1,472,703	1,420,277
80	2,864	1,460,100	–	2,069,587	1,198,485
12,320	32,902	1,286,842	32,862	2,286,960	2,135,710
13,801,807	47,689	6,032,408	193,007	34,073,036	33,814,657
292,137	84,982	1,022,245	24,927	4,958,329	4,859,866
2,665	337,712	1,383,837	1,573,851	7,337,667	6,984,490
873,563	57,297	323,343	656,421	4,905,353	4,270,394
47,189	191,528	733,769	73,088	3,021,169	2,821,212
16,031,885	1,128,202	14,651,835	2,645,014	69,675,714	65,837,862

Vehicles

Table 10.3 presents the details of vehicles by sub-category.

Table 10.3
Vehicles by sub-category

(in thousands of dollars)

	Cost	Accumulated amortization	March 31, 2017	March 31, 2016
Ships and boats	17,040,448	11,159,322	5,881,126	6,063,317
Aircraft	19,347,783	10,967,449	8,380,334	8,527,408
Motor vehicles (Non-military)	2,387,160	1,592,856	794,304	739,185
Military vehicles	1,668,840	1,352,909	315,931	377,916
Other vehicles	1,544,986	884,796	660,190	659,531
Total	41,989,216	25,957,331	16,031,885	16,367,357

Assets under capital leases

Table 10.4 presents the details of assets under capital leases by main category.

Table 10.4
Assets under capital leases by main category

(in thousands of dollars)

	Cost	Accumulated amortization	March 31, 2017	March 31, 2016
Land	30,716	-	30,716	39,058
Buildings	3,046,177	1,284,108	1,762,069	1,842,880
Works and infrastructure	826,640	163,602	663,038	671,805
Machinery and equipment	307,069	242,924	64,145	113,346
Vehicles	691,286	566,240	125,046	159,846
Total	4,901,888	2,256,874	2,645,014	2,826,935

Section 11

2016–2017

Public Accounts of Canada

Contractual obligations and contingent liabilities

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Contractual obligations and contingent liabilities

This section contains detailed information related to contractual obligations and contingent liabilities.

Contractual obligations

Government activities, by their nature, result in multi-year contracts and agreements, including various international treaties and protocols. Contractual obligations are financial obligations of the Government to others that will become liabilities when the terms of those contracts or agreements for the acquisition of goods and services or the provision of transfer payments are met. In the case of contractual obligations to international organizations, some will result in future budgetary expenses while others will result in non-budgetary payments.

Contractual obligations can be classified into four main categories: transfer payment agreements (grants and contributions), capital assets and purchases, operating leases and international organizations.

All outstanding contractual obligations of $10 million or more per project or per program at year end are reported for transfer payment agreements, capital assets, purchases and operating leases. For international organizations, all contractual obligations in excess of $1 million at year end are reported.

In accordance with the Government's significant accounting policies, the contractual obligations of consolidated Crown corporations are included with those of the Government.

Table 11.1 summarizes these contractual obligations. Details of the four types of contractual obligations can be found in other tables in this section.

Table 11.1
Contractual obligations

(in millions of dollars)

	Transfer payment agreements	Capital assets and purchases	Operating leases	International organizations	Total
Information from:					
Transfer payment agreements, capital assets, purchases and operating leases, Table 11.3	46,992	64,958	3,455		115,405
International contractual obligations, Table 11.4				6,313	6,313
Total	46,992	64,958	3,455	6,313	121,718

Table 11.2 summarizes the information presented in Table 11.1 to indicate the minimum amounts required to satisfy contractual obligations each year from 2018 to 2022 inclusively, and a total for amounts due in the year 2023 and subsequent years.

Table 11.2
Schedule of minimum payments

(in millions of dollars)

Minimum payments to be made in:	Transfer payment agreements	Capital assets and purchases	Operating leases	International organizations	Total
2018	21,360	14,061	398	1,920	37,739
2019	11,666	11,935	400	1,658	25,659
2020	7,136	11,114	396	1,169	19,815
2021	3,345	7,996	371	392	12,104
2022	1,777	4,180	320	112	6,389
2023 and subsequent	1,708	15,672	1,570	1,062	20,012
Total	46,992	64,958	3,455	6,313	121,718

Transfer payment agreements, capital assets, purchases and operating leases

Table 11.3 provides details of contractual obligations that involve: transfer payment agreements, capital assets, purchases and operating leases. It discloses individual contractual obligations by category and by entity. Contractual obligations are summarized in Note 18 to the consolidated financial statements in Section 2 of this volume.

Transfer payment agreements are irrevocable contracts to provide funding to other levels of governments, organizations or individuals.

Capital assets are tangible, durable items of value, including major additions or alterations thereto, including military equipment and land, from which benefits are expected to be derived during their useful life.

Purchases are supported by contracts to supply goods or services. An operating lease is a lease in which the lessor does not substantially transfer all the benefits and risks incident to ownership of property to the lessee. Some leases have escalation clauses based on the consumer price index.

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
Transfer payment agreements										
Agriculture and Agri-Food										
Department of Agriculture and Agri-Food										
Agricultural Greenhouse Gases Program										
Aggregate	23	23	2	21	5	7	5	4	—	—
AgriInnovation Program										
Aggregate	272	272	227	45	45	—	—	—	—	—
AgriMarketing Program										
Aggregate	142	142	107	35	35	—	—	—	—	—
AgriRisk Initiatives										
Aggregate	31	31	20	11	11	—	—	—	—	—
Growing Forward 2 Contribution Agreement										
Aggregate	87	87	68	19	19	—	—	—	—	—
Government of Alberta	227	227	181	46	46	—	—	—	—	—
Government of British Columbia	58	58	45	13	13	—	—	—	—	—
Government of Manitoba	97	97	77	20	20	—	—	—	—	—
Government of Ontario	235	235	183	52	52	—	—	—	—	—
Government of Quebec	151	151	118	33	33	—	—	—	—	—
Government of Saskatchewan	209	209	165	44	44	—	—	—	—	—
	1,532	*1,532*	*1,193*	*339*	*323*	*7*	*5*	*4*	—	—
Canadian Heritage										
Department of Canadian Heritage										
Aboriginal People's Program—Action Plan for Aboriginal Languages										
Government of Nunavut	16	16	2	14	4	5	5	—	—	—
Government of the Northwest Territories	20	20	2	18	6	6	6	—	—	—
Building Communities through Arts and Heritage Program										
Aggregate	13	13	2	11	11	—	—	—	—	—
Canada Arts Presentation Fund										
Aggregate	60	60	15	45	31	8	4	2	—	—
Canada Arts Training Fund										
Aggregate	40	40	10	30	17	10	3	—	—	—
Canada's National Ballet School	17	17	—	17	6	5	6	—	—	—
Canada Cultural Spaces Fund										
Aggregate	106	106	40	66	58	8	—	—	—	—
Winnipeg Art Gallery	15	15	3	12	12	—	—	—	—	—
Canada Music Fund										
La Fondation Musicaction	22	22	3	19	7	6	6	—	—	—
The Foundation Assisting Canadian Talent on Recordings	43	43	16	27	10	8	9	—	—	—

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
Celebration, Commemoration and Learning Program										
Aggregate	148	148	44	104	104	–	–	–	–	–
Development of Official Languages Communities Program										
Aggregate	238	238	130	108	65	20	11	6	6	–
Council of Ministers of Education	120	120	96	24	24	–	–	–	–	–
Government of Alberta	78	78	63	15	15	–	–	–	–	–
Government of British Columbia	94	94	74	20	19	1	–	–	–	–
Government of Manitoba	63	63	50	13	13	–	–	–	–	–
Government of New Brunswick	120	120	93	27	24	3	–	–	–	–
Government of the Northwest Territories	35	35	16	19	8	6	5	–	–	–
Government of Nunavut	22	22	8	14	5	4	5	–	–	–
Government of Ontario	398	398	318	80	80	–	–	–	–	–
Government of Quebec	264	264	198	66	66	–	–	–	–	–
Government of Yukon	25	25	9	16	6	5	5	–	–	–
Enhancement of Official Languages Program										
Aggregate	22	22	3	19	9	7	3	–	–	–
Exchanges Canada Program										
Aggregate	32	32	16	16	10	6	–	–	–	–
YMCA of Greater Toronto	24	24	8	16	8	8	–	–	–	–
Hosting Program										
Aggregate	29	29	9	20	14	6	–	–	–	–
Museums Assistance Program										
Aggregate	13	13	–	13	8	5	–	–	–	–
Canada Museums Association	13	13	–	13	6	7	–	–	–	–
Sport Support Program										
Aggregate	37	37	19	18	12	5	1	–	–	–
National Sport Organizations (Basic)	52	52	12	40	40	–	–	–	–	–
	2,179	*2,179*	*1,259*	*920*	*698*	*139*	*69*	*8*	*6*	–
Environment and Climate Change										
Department of the Environment										
Biodiversity—Wildlife and Habitat										
Aggregate	83	83	36	47	26	14	4	1	1	1
Nature Conservancy of Canada										
To administer the Natural Areas Conservation Program in support of the National Conservation Plan	100	100	55	45	23	22	–	–	–	–
Sustainable Ecosystems										
Aggregate	26	26	11	15	7	4	3	1	–	–
	209	*209*	*102*	*107*	*56*	*40*	*7*	*2*	*1*	*1*
Families, Children and Social Development										
Department of Employment and Social Development										
Aboriginal Skills and Employment Training Strategy										
Aggregate	1,576	1,576	1,364	212	212	–	–	–	–	–
First Nations of Quebec and Labrador Health and Social Services Commissions	170	170	148	22	22	–	–	–	–	–
First Peoples Development Inc	153	153	133	20	20	–	–	–	–	–
Gabriel Dumont Training and Employment Inc	81	81	70	11	11	–	–	–	–	–
Kativik Regional Government	64	64	51	13	13	–	–	–	–	–
Manitoba Keewatinowi Okimakanak Inc	131	131	114	17	17	–	–	–	–	–
Manitoba Metis Federation Inc	94	94	81	13	13	–	–	–	–	–
Rupertsland Institute	105	105	91	14	14	–	–	–	–	–
Saskatchewan Indian Training Assessment Group Inc	263	263	230	33	33	–	–	–	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2018	2019	2020	2021	2022	2023 and subsequent
Canada Job Fund										
Aggregate	31	31	15	16	5	5	6	–	–	–
Government of Alberta	355	355	180	175	58	58	59	–	–	–
Government of British Columbia	396	396	201	195	65	65	65	–	–	–
Government of Manitoba	110	110	56	54	18	18	18	–	–	–
Government of New Brunswick	64	64	33	31	10	10	11	–	–	–
Government of Newfoundland and Labrador	45	45	23	22	7	8	7	–	–	–
Government of Nova Scotia	80	80	41	39	13	13	13	–	–	–
Government of Ontario	1,170	1,170	595	575	192	191	192	–	–	–
Government of Quebec	701	701	356	345	115	115	115	–	–	–
Government of Saskatchewan	96	96	49	47	16	16	15	–	–	–
Foreign Credential Recognition Program										
Aggregate	26	26	15	11	7	4	–	–	–	–
Homelessness Partnering Strategy										
Aggregate	308	308	166	142	88	54	–	–	–	–
Calgary Homeless Foundation	36	36	21	15	8	7	–	–	–	–
City of Ottawa	31	31	18	13	7	6	–	–	–	–
City of Toronto	95	95	56	39	22	17	–	–	–	–
City of Winnipeg	35	35	20	15	9	6	–	–	–	–
Greater Vancouver Regional District	45	45	27	18	10	8	–	–	–	–
Homeward Trust Foundation	37	37	22	15	9	6	–	–	–	–
Labour Market Agreements for Persons with Disabilities										
Aggregate	128	128	95	33	33	–	–	–	–	–
Government of Alberta	101	101	76	25	25	–	–	–	–	–
Government of British Columbia	123	123	92	31	31	–	–	–	–	–
Government of Ontario	306	306	230	76	76	–	–	–	–	–
Government of Quebec	184	184	138	46	46	–	–	–	–	–
Government of Saskatchewan	43	43	32	11	11	–	–	–	–	–
Labour Market Development Agreements										
Aggregate	24	24	12	12	12	–	–	–	–	–
Government of Alberta	257	257	131	126	126	–	–	–	–	–
Government of British Columbia	611	611	312	299	299	–	–	–	–	–
Government of Manitoba	101	101	52	49	49	–	–	–	–	–
Government of New Brunswick	202	202	104	98	98	–	–	–	–	–
Government of Newfoundland and Labrador	267	267	132	135	135	–	–	–	–	–
Government of Nova Scotia	182	182	94	88	88	–	–	–	–	–
Government of Ontario	1,310	1,310	678	632	632	–	–	–	–	–
Government of Prince Edward Island	56	56	29	27	27	–	–	–	–	–
Government of Quebec	1,305	1,305	671	634	634	–	–	–	–	–
Government of Saskatchewan	85	85	44	41	41	–	–	–	–	–
Opportunities Fund for Persons with Disabilities										
Aggregate	106	106	61	45	35	10	–	–	–	–
Sectoral Initiatives Program										
Aggregate	53	53	42	11	9	2	–	–	–	–
Social Development Partnerships Program										
Aggregate	47	47	22	25	16	6	2	1	–	–
Youth Employment Strategy										
Aggregate	288	288	119	169	104	41	24	–	–	–
	12,077	*12,077*	*7,342*	*4,735*	*3,541*	*666*	*527*	*1*	–	–
Global Affairs										
Department of Foreign Affairs, Trade and Development										
International Development										
Aggregate	729	729	428	301	133	96	50	17	3	2
Adventist Development and Relief Agency Canada	21	21	8	13	4	5	3	1	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
Aga Khan Foundation Canada	240	240	161	79	26	27	23	3	—	—
Agriteam Canada	151	151	69	82	31	24	18	8	1	—
Amref Health Africa in Canada	38	38	12	26	8	9	7	2	—	—
Artisanal Gold Council	16	16	4	12	3	5	2	2	—	—
Canada World Youth	37	37	14	23	8	7	8	—	—	—
Canadian Bureau for International Education	51	51	19	32	11	13	8	—	—	—
Canadian Co-operative Association	47	47	28	19	8	10	1	—	—	—
Canadian Cooperation Society for International Development	94	94	57	37	13	12	7	3	2	—
Canadian Executive Service Organization	39	39	13	26	5	9	7	3	2	—
Canadian Network for Maternal Newborn and Child Health	14	14	1	13	3	3	3	2	2	—
Canadian Organization for Development Through Education	20	20	6	14	3	3	3	2	3	—
Canadian Red Cross	41	41	17	24	9	9	5	1	—	—
CARE Canada	80	80	29	51	19	15	13	4	—	—
Center for International Cooperation in Health and Development	36	36	11	25	8	9	4	2	1	1
Christian Children's Fund of Canada	23	23	9	14	1	6	6	1	—	—
Colleges and Institutes Canada	115	115	55	60	17	17	15	10	1	—
Consortium Cowater International Inc / CRC Sogema Inc. / Roche Ltd Consulting Group	15	15	2	13	3	3	3	2	2	—
Consortium DID-FADQDI	57	57	35	22	10	8	4	—	—	—
Consortium World University Service of Canada / Center for International Studies and Cooperation	82	82	30	52	10	18	18	3	3	—
Convergence Blended Finance Inc	19	19	5	14	7	5	2	—	—	—
Cowater International Inc	111	111	41	70	17	21	22	8	2	—
CRC Sogema Inc	54	54	30	24	11	8	5	—	—	—
Cuso International	121	121	47	74	25	24	23	2	—	—
Dalhousie University	18	18	8	10	4	3	3	—	—	—
Développement international Desjardins	93	93	34	59	15	16	10	13	2	3
Digital Opportunity Trust	25	25	10	15	7	6	2	—	—	—
Federation of Canadian Municipalities	101	101	44	57	14	18	17	8	—	—
Fondation Paul Gérin-Lajoie	17	17	7	10	4	3	2	1	—	—
Grand Challenges Canada	176	176	26	150	25	37	35	27	26	—
International Bureau for Children's Rights	14	14	4	10	3	2	2	3	—	—
International Institute for Sustainable Development	20	20	6	14	4	6	4	—	—	—
Meda Trade Company Inc	15	15	—	15	3	3	3	3	3	—
Mennonite Economic Development Associates	181	181	71	110	24	33	30	14	9	—
Micronutrient Initiative	270	270	135	135	57	58	20	—	—	—
Opportunity International Canada	20	20	5	15	4	4	3	4	—	—
Oxfam-Québec	106	106	36	70	20	22	20	7	1	—
Partnership Africa Canada	16	16	5	11	3	4	4	—	—	—
Plan International Canada Inc	159	159	61	98	35	32	23	8	—	—
Primate's World Relief and Development Fund	27	27	14	13	4	4	4	1	—	—
Right To Play International	32	32	19	13	7	3	3	—	—	—
Save the Children Canada	48	48	26	22	8	7	7	—	—	—
Solidarité Union Coopération	31	31	18	13	3	4	4	2	—	—
The Conference Board of Canada	43	43	28	15	6	4	3	2	—	—
Union des producteurs agricoles, développement international	23	23	8	15	4	4	4	2	1	—
Université de Montréal	15	15	3	12	3	3	3	3	—	—
Université Laval	26	26	11	15	4	5	6	—	—	—
University of British Columbia	44	44	20	24	9	8	3	4	—	—
University of Saskatchewan	17	17	1	16	4	4	3	3	2	—

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
University of Waterloo	15	15	2	13	5	4	3	1		
World University Service of Canada	80	80	26	54	15	13	11	12	2	1
World Vision Canada	129	129	67	62	25	25	10	2	–	–
International Humanitarian Assistance										
Aggregate	44	44	18	26	14	11	1	–	–	–
Canadian Catholic Organization for Development and Peace	28	28	8	20	9	11	–	–	–	–
Canadian Foodgrains Bank	125	125	25	100	25	25	25	25	–	–
Canadian Red Cross	103	103	57	46	31	11	2	2	–	–
CARE Canada	25	25	9	16	8	8	–	–	–	–
Handicap International Canada	18	18	3	15	6	6	3	–	–	–
Médecine du Monde Canada	33	33	6	27	11	11	5	–	–	–
Oxfam-Québec	21	21	4	17	7	7	2	1	–	–
International Security and Democratic Development										
Aggregate	196	196	97	99	45	30	17	6	1	
Avocats sans frontières	25	25	3	22	4	6	5	4	3	
Canadian Bar Association	21	21	8	13	5	5	2	1		–
Consortium CECI / ENAP / Avocats sans frontières	18	18	7	11	4	7	–	–	–	–
Forum of Federations	16	16	1	15	3	3	3	3	2	1
Inter Pares	18	18	6	12	4	4	3	1	–	–
	4,703	*4,703*	*2,078*	*2,625*	*888*	*846*	*570*	*239*	*74*	*8*
Health										
Department of Health										
First Nations and Inuit										
Health Infrastructure Support										
Aggregate	554	554	326	228	104	63	41	16	3	1
First Nations Health Authority	4,293	4,293	1,484	2,809	468	468	468	468	468	469
Primary Health Care										
Aggregate	1,694	1,694	857	837	363	222	169	68	13	2
Kapown Rehabilitation Centre	12	12	–	12	3	2	2	2	3	–
Weeneebayko Area Health Authority	60	60	18	42	12	12	12	6	–	–
Supplementary Health Benefits										
Aggregate	306	306	164	142	68	33	27	12	2	–
Government of Nunavut	94	94	75	19	19	–	–	–	–	–
Government of the Northwest Territories	42	42	28	14	14	–	–	–	–	–
Primary Health Care and Health Infrastructure Support										
Cree Board of Health and Social Services of James Bay	18	18	6	12	6	6	–	–	–	–
Government of Nunavut	184	184	–	184	19	19	18	18	18	92
Nunavik Regional Board of Health and Social Services	21	21	8	13	7	6	–	–	–	–
Saskatoon Tribal Council Health and Family Services Inc (1 of 2)	24	24	13	11	5	5	1	–	–	–
Saskatoon Tribal Council Health and Family Services Inc (2 of 2)	14	14	4	10	3	2	2	3	–	–
Primary Health Care, Health Infrastructure Support and Supplementary Health Benefits										
Athabasca Health Authority Inc	42	42	18	24	9	8	7	–	–	–
Bande des Montagnais de Pakua Shipi	13	13	3	10	3	3	2	2	–	–
Battle River Treaty 6 Health Centre Inc	47	47	19	28	10	9	9	–	–	–
Berens River First Nation	20	20	4	16	4	4	4	4	–	–
Bigstone Health Commission	192	192	76	116	20	20	19	19	19	19
Blood Tribe Department of Health Inc	113	113	22	91	12	12	12	12	12	31
Conseil de la Nation Huronne Wendat	23	23	10	13	2	3	2	2	2	2
Conseil des Atikamekw d'Opticiwan	28	28	14	14	7	7	–	–	–	–
Conseil des Atikamekw de Wemotaci	29	29	17	12	4	4	4	–	–	–
Conseil des Innus de Ekuanitshit	10	10	–	10	2	2	2	2	2	–
Conseil des Montagnais du Lac-Saint-Jean	18	18	4	14	4	3	4	3	–	–

Table 11.3

Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
Cross Lake Band of Indians	30	30	9	21	5	5	6	5	–	–
Dene Tha' First Nation	10	10	–	10	2	2	2	2	2	–
Elsipogtog First Nation	15	15	–	15	3	3	3	3	3	–
Eskasoni Band Council	20	20	–	20	4	4	4	4	4	–
File Hills Qu'Appelle Tribal Council Inc	21	21	9	12	4	4	4	–	–	–
First Nations Health Authority	84	84	62	22	17	5	–	–	–	–
Fisher River Cree Nation	13	13	3	10	3	2	3	2	–	–
Fort Alexander Indian Band O/A Sagkeeng First Nation	25	25	11	14	5	4	5	–	–	–
God's Lake First Nation	31	31	12	19	10	7	2	–	–	–
Kahnawake Shakotiia'takehnhas Community Services	81	81	43	38	9	8	8	7	6	–
Keewatin Tribal Council Inc	22	22	7	15	4	4	4	3	–	–
Kitiganwacheeng Health Services Inc	21	21	9	12	4	4	4	–	–	–
Little Red River Cree Nation	21	21	8	13	4	3	3	3	–	–
Maskwacis Health Services	43	43	–	43	9	9	8	8	9	–
Mathias Colomb Cree Nation	17	17	3	14	4	3	3	4	–	–
Mohawks of Akwesasne	136	136	55	81	17	16	16	16	16	–
North Peace Tribal Council	26	26	11	15	5	5	5	–	–	–
Norway House Cree Nation	44	44	10	34	8	9	8	9	–	–
Opaskwayak Cree Nation	29	29	6	23	6	6	6	5	–	–
PADC Management Company Ltd	57	57	46	11	11	–	–	–	–	–
Peguis First Nation	28	28	13	15	5	5	5	–	–	–
Peter Ballantyne Cree Nation Health Services Inc	126	126	43	83	14	12	12	12	12	21
Saddle Lake Cree Nation	25	25	12	13	4	5	4	–	–	–
Sandy Bay Ojibway First Nation	20	20	4	16	4	4	4	4	–	–
Sandy Lake First Nation	17	17	7	10	3	2	2	3	–	–
Six Nations of the Grand River	46	46	10	36	9	9	9	9	–	–
St Theresa Point First Nation	14	14	3	11	3	3	3	2	–	–
Weeneebayko Area Health Authority	50	50	37	13	13	–	–	–	–	–
West Region Treaty 2 and 4 Health Services Corp	14	14	4	10	3	2	3	2	–	–
Wikwemikong Unceded Indian Reserve	21	21	9	12	4	4	4	–	–	–
Funding										
Brain Canada Foundation	120	120	63	57	27	30	–	–	–	–
Canada Health Infoway	50	50	21	29	29	–	–	–	–	–
Canadian Agency for Drugs and Technologies in Health	81	81	65	16	16	–	–	–	–	–
Canadian Foundation for Healthcare Improvement	53	53	19	34	17	17	–	–	–	–
Canadian Institute for Health Information	475	475	396	79	79	–	–	–	–	–
Canadian Partnership Against Cancer	238	238	–	238	40	43	51	51	53	–
Crawford and Company (Canada Inc) to establish a Thalidomide Survivors Contribution Program	49	49	19	30	10	10	10	–	–	–
Health Care Policy Contribution Program	18	18	5	13	5	4	3	1	–	–
Mental Health Commission of Canada	29	29	–	29	14	15	–	–	–	–
Official Languages Health Contribution Program	138	138	104	34	34	–	–	–	–	–
Substance use and Addictions Program	37	37	23	14	12	2	–	–	–	–
Public Health Agency of Canada										
Aboriginal Head Start Strategic Fund										
Aggregate	86	86	–	86	29	28	29	–	–	–
Brain Health										
Baycrest Centre for Geriatric Care	42	42	10	32	10	12	10	–	–	–
Canada Prenatal Nutrition Program										
Aggregate	75	75	–	75	25	25	25	–	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2018	2019	2020	2021	2022	2023 and subsequent
Community Action Program for Children										
Aggregate	143	143	–	143	48	48	47	–	–	–
Family Violence										
Aggregate	27	27	7	20	6	5	5	3	1	–
Integrated Strategy on Healthy Living and Chronic Diseases										
Diabetes	24	24	7	17	6	5	3	3	–	–
Healthy living	17	17	4	13	6	4	2	1	–	–
	10,660	*10,660*	*4,359*	*6,301*	*1,777*	*1,310*	*1,130*	*799*	*648*	*637*
Immigration, Refugees and Citizenship										
Department of Citizenship and Immigration										
Newcomer and Settlement Integration Program										
Aggregate	1,329	1,329	42	1,287	483	421	383	–	–	–
Bow Valley College	20	20	–	20	7	7	6	–	–	–
Calgary Immigrant Educational Society	12	12	–	12	4	4	4	–	–	–
Catholic Community Services of York Region	14	14	–	14	5	5	4	–	–	–
Catholic Social Services	17	17	–	17	6	6	5	–	–	–
Colleges Ontario	11	11	–	11	4	4	3	–	–	–
COSTI Immigrant Services	13	13	–	13	5	4	4	–	–	–
Dixie Bloor Neighbourhood Centre	16	16	–	16	6	5	5	–	–	–
Edmonton Catholic Separate School District No 7	17	17	–	17	6	5	6	–	–	–
Edmonton Mennonite Centre for Newcomers (1 of 2)	15	15	–	15	5	5	5	–	–	–
Edmonton Mennonite Centre for Newcomers (2 of 2)	12	12	–	12	4	4	4	–	–	–
Immigrant Services Association of Nova Scotia	12	12	–	12	5	4	3	–	–	–
Immigrant Services Society of British Columbia	11	11	–	11	4	4	3	–	–	–
Multilingual Orientation Service Association for Immigrant Communities	16	16	–	16	6	5	5	–	–	–
New Canadians' Centre of Excellence Inc	14	14	–	14	5	5	4	–	–	–
Newcomer Centre of Peel	23	23	–	23	8	8	7	–	–	–
NorQuest College	24	24	–	24	8	9	7	–	–	–
North York Community House	10	10	–	10	4	3	3	–	–	–
Polycultural Immigrant & Community Services	11	11	–	11	4	4	3	–	–	–
Saskatchewan Polytechnic	12	12	–	12	4	4	4	–	–	–
Success (1 of 2)	11	11	–	11	4	4	3	–	–	–
Success (2 of 2)	12	12	–	12	4	4	4	–	–	–
Toronto District School Board	16	16	–	16	16	–	–	–	–	–
Vancouver Community College	11	11	–	11	4	4	3	–	–	–
Winnipeg School Division	11	11	–	11	4	3	4	–	–	–
Resettlement Assistance Program										
Aggregate	91	91	32	59	22	19	18	–	–	–
Provincial agreement on immigration matters and on the selection of foreign nationals wishing to settle in Canada										
Government of Quebec	2,647	2,647	378	2,269	378	378	379	378	378	378
	4,408	*4,408*	*452*	*3,956*	*1,015*	*928*	*879*	*378*	*378*	*378*
Indigenous and Northern Affairs										
Department of Indian Affairs and Northern Development										
Aboriginal recipient funding (First Nations and Tribal Councils)										
Adams Lake Indian Band	14	14	3	11	3	3	2	3	–	–
Agency Chiefs Tribal Council	49	49	11	38	9	10	9	10	–	–
Ahtahkakoop Band	44	44	–	44	9	9	9	9	8	–
Albany	62	62	38	24	8	8	8	–	–	–
Alderville First Nation	12	12	–	12	2	3	2	3	2	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
Alexander Band	45	45	28	17	8	9	–	–	–	–
Alexis Nakota Sioux Nation	48	48	14	34	8	9	8	9	–	–
Algonquins of Pikwakanagan First Nation	21	21	7	14	3	4	3	4	–	–
Anishinabe of Wauzhushk Onigum	15	15	–	15	3	3	3	3	3	–
Atikameksheng Anishnawbek	22	22	8	14	4	3	4	3	–	–
Atikamekw Sipi - Conseil de la Nation Atikamekw	47	47	12	35	11	8	8	8	–	–
Attawapiskat First Nation	61	61	36	25	12	13	–	–	–	–
Aundeck-Omni-Kaning First Nation	13	13	–	13	3	2	3	2	3	–
Bande des Innus de Pessamit	211	211	127	84	29	27	28	–	–	–
Bande Innue Essipit	37	37	23	14	3	3	4	4	–	–
Batchewana First Nation	51	51	19	32	8	8	8	8	–	–
Battlefords Agency Tribal Chiefs Inc	56	56	15	41	14	13	14	–	–	–
Beardy's & Okemasis Band	52	52	–	52	10	11	10	11	10	–
Bearskin Lake First Nation	20	20	–	20	4	4	4	4	4	–
Beausoleil First Nation	43	43	19	24	6	6	6	6	–	–
Berens River Band	13	13	–	13	7	6	–	–	–	–
Big River Band	57	57	13	44	11	11	11	11	–	–
Bigstone Cree Nation	63	63	45	18	18	–	–	–	–	–
Biigtigong Nishnaabeg	25	25	11	14	4	3	4	3	–	–
Birch Narrows First Nation Band	17	17	5	12	3	3	3	3	–	–
Blood Band	573	573	495	78	78	–	–	–	–	–
Bloodvein Band	13	13	–	13	3	3	3	4	–	–
Buffalo River Dene Nation Band	19	19	6	13	4	4	5	–	–	–
Bunibonibee Cree Nation	63	63	28	35	17	18	–	–	–	–
Canoe Lake Band	27	27	5	22	6	5	6	5	–	–
Cape Mudge Indian Band	15	15	4	11	4	3	4	–	–	–
Carry the Kettle Band	29	29	9	20	7	6	7	–	–	–
Cat Lake First Nation	10	10	–	10	3	4	3	–	–	–
Chemawawin Cree Nation	35	35	24	11	11	–	–	–	–	–
Chippewas of Georgina Island	26	26	10	16	4	4	4	4	–	–
Chippewas of Nawash	36	36	22	14	5	4	5	–	–	–
Chippewas of Rama First Nation	27	27	11	16	4	4	4	4	–	–
Chippewas of the Thames First Nation	28	28	10	18	5	4	5	4	–	–
Cold Lake First Nations Band	21	21	6	15	4	4	4	3	–	–
Communauté Anicinape de Kitcisakik	20	20	4	16	4	4	4	4	–	–
Conseil des Atikamekw de Wemotaci	76	76	48	28	9	9	10	–	–	–
Conseil des Atikamekw d'Opitciwan	106	106	77	29	23	6	–	–	–	–
Conseil des Montagnais du Lac St-Jean	132	132	33	99	26	24	24	25	–	–
Cote First Nation 366	19	19	–	19	6	6	7	–	–	–
Couchiching First Nation	47	47	18	29	7	7	7	8	–	–
Cowichan	115	115	74	41	21	20	–	–	–	–
Cross Lake First Nation	183	183	111	72	36	36	–	–	–	–
Cumberland House Cree Nation Band	38	38	26	12	6	6	–	–	–	–
Curve Lake First Nation	25	25	–	25	5	5	5	5	5	–
Deer Lake First Nation	46	46	19	27	7	7	6	7	–	–
Dene Tha' Band	94	94	21	73	18	18	19	18	–	–
Eabametoong First Nation	95	95	77	18	9	9	–	–	–	–
Eel Ground Band Council	33	33	10	23	6	5	6	6	–	–
Eel River Bar First Nation	24	24	7	17	4	4	4	5	–	–
Elsipogtog First Nation	23	23	–	23	23	–	–	–	–	–
English River First Nation Band	24	24	7	17	4	4	4	5	–	–
Enoch Cree Nation #440	49	49	32	17	9	8	–	–	–	–
Ermineskin Tribe	186	186	128	58	19	20	19	–	–	–
Esgenoopetitj First Nation	12	12	–	12	12	–	–	–	–	–
Eskasoni Band Council	90	90	74	16	16	–	–	–	–	–
File Hills Qu'Appelle Tribal Council Inc	33	33	8	25	6	6	6	7	–	–
Fisher River Band	86	86	21	65	16	17	16	16	–	–
Fort Alexander Band	49	49	–	49	16	16	17	–	–	–
Fort Nelson First Nation	17	17	4	13	3	3	3	4	–	–
Fort William First Nation	18	18	–	18	6	6	6	–	–	–
Frog Lake Band	55	55	36	19	9	10	–	–	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
Garden Hill First Nation	21	21	—	21	21	—	—	—	—	—
Garden River First Nation	57	57	21	36	9	9	9	9	—	—
George Gordon First Nation	17	17	—	17	6	5	6	—	—	—
Gitga'at First Nation	17	17	4	13	3	3	3	4	—	—
Gitksan Local Services Society	146	146	126	20	20	—	—	—	—	—
Gitsegukla Indian Band	15	15	—	15	5	5	5	—	—	—
God's Lake First Nation	37	37	17	20	10	10	—	—	—	—
Haisla Nation	54	54	22	32	6	5	5	6	5	5
Hatchet Lake Band	53	53	43	10	10	—	—	—	—	—
Heiltsuk Indian Band	48	48	22	26	13	13	—	—	—	—
Henvey Inlet First Nation	11	11	—	11	2	2	2	2	3	—
Hollow Water Band	13	13	—	13	6	7	—	—	—	—
Innu Takuaikan Uashat Mak Mani-Utenam	222	222	192	30	30	—	—	—	—	—
Iskut Indian Band	13	13	3	10	3	2	3	2	—	—
James Smith Band	39	39	23	16	8	8	—	—	—	—
Kahkewistahaw Band	40	40	12	28	7	7	7	7	—	—
Kasabonika Lake First Nation	54	54	26	28	7	7	7	7	—	—
Kashechewan First Nation	117	117	95	22	11	11	—	—	—	—
Kawacatoose Band	34	34	7	27	7	7	6	7	—	—
Kee Tas Kee Now Tribal Council	156	156	105	51	26	25	—	—	—	—
Keeseekoose Band	22	22	7	15	5	5	5	—	—	—
Keewaytinook Okimakanak/Northern Chiefs Council	75	75	52	23	6	6	5	6	—	—
Kee-Way-Win First Nation	29	29	16	13	3	3	3	4	—	—
Kingfisher Lake First Nation	10	10	—	10	3	4	3	—	—	—
Kitasoo Indian Band	16	16	6	10	3	2	3	2	—	—
Kitchenuhmaykoosib Inninuwug	26	26	—	26	9	9	8	—	—	—
Kitigan Zibi Anishinabeg	142	142	88	54	13	13	14	14	—	—
Lac La Ronge Band	109	109	59	50	50	—	—	—	—	—
Lake Babine Nation	56	56	36	20	10	10	—	—	—	—
Lax Kw'alaams Indian Band	35	35	13	22	11	11	—	—	—	—
Les Atikamekw de Manawan	84	84	68	16	16	—	—	—	—	—
Lil'wat Nation	43	43	27	16	8	8	—	—	—	—
Listuguj Mi'gmaq Government	45	45	—	45	16	14	15	—	—	—
Little Grand Rapids Band	19	19	—	19	6	6	7	—	—	—
Little Red River Cree Nation	112	112	75	37	37	—	—	—	—	—
Long Lake No 58 First Nation	35	35	12	23	6	6	6	5	—	—
Long Plain Band	94	94	82	12	12	—	—	—	—	—
Louis Bull Band	52	52	14	38	9	10	9	10	—	—
Lower Nicola Indian Band	15	15	—	15	5	5	5	—	—	—
Lytton Indian Band	29	29	6	23	6	6	5	6	—	—
Makwa Sahgaiehcan First Nation Band	34	34	24	10	10	—	—	—	—	—
Manto Sipi Cree Nation	29	29	18	11	6	5	—	—	—	—
Mathias Colomb Band	47	47	—	47	16	16	15	—	—	—
M'chigeeng First Nation	52	52	31	21	7	7	7	—	—	—
Metepenagiag Mi'kmaq Nation	26	26	7	19	5	5	4	5	—	—
Miawpukek Band	39	39	28	11	2	2	2	2	2	1
Micmacs of Gesgapegiag	20	20	9	11	6	5	—	—	—	—
Mishkeegogamang First Nation	33	33	21	12	4	4	4	—	—	—
Mistawasis Nêhiyawak	34	34	10	24	6	6	6	6	—	—
Mitaanjigamiing First Nation	22	22	7	15	4	4	4	3	—	—
Mltc Program Services Inc	128	128	28	100	25	25	25	25	—	—
Mohawk Council of Akwesasne	256	256	149	107	36	35	36	—	—	—
Mohawks of Kahnawá Ke Band	424	424	256	168	42	42	42	42	—	—
Mohawks of Kanesatake	19	19	8	11	6	5	—	—	—	—
Mohawks of the Bay of Quinte	70	70	34	36	9	9	9	9	—	—
Montagnais de Unamen Shipu	16	16	—	16	6	5	5	—	—	—
Montreal Lake Band	63	63	17	46	11	12	11	12	—	—
Moose Cree First Nation	86	86	29	57	14	14	14	15	—	—
Moricetown Indian Band	27	27	12	15	5	5	5	—	—	—
Mosakahiken Cree Nation	11	11	—	11	5	6	—	—	—	—
Muskeg Lake Cree Nation #102	29	29	6	23	6	6	5	6	—	—

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
Muskoday First Nation Band	35	35	8	27	7	7	7	6	—	—
Muskowekwan Band	30	30	6	24	6	6	6	6	—	—
Musqueam Indian Band	20	20	5	15	4	4	4	3	—	—
Nak'azdli Whut'en	35	35	7	28	7	7	7	7	—	—
Namgis First Nation Band	21	21	5	16	4	4	4	4	—	—
Naotkamegwanning	52	52	41	11	6	5	—	—	—	—
Naskapi Nation of Kawawachikamach	68	68	15	53	13	14	13	13	—	—
Nation Anishnabe du Lac Simon	62	62	51	11	11	—	—	—	—	—
Nation Huronne Wendat	132	132	57	75	12	13	12	13	12	13
Nibinamik First Nation	10	10	—	10	3	4	3	—	—	—
Nipissing First Nation	68	68	53	15	8	7	—	—	—	—
Nisichawayasihk Cree Nation	118	118	27	91	23	23	23	22	—	—
North Caribou Lake First Nation	51	51	29	22	5	6	5	6	—	—
North Spirit Lake First Nation	46	46	15	31	8	8	7	8	—	—
Northlands Band	33	33	18	15	8	7	—	—	—	—
Norway House Cree Nation	255	255	103	152	51	51	50	—	—	—
Nuu-Chah-Nulth Tribal Council	148	148	122	26	26	—	—	—	—	—
Nuxalk Nation Band	53	53	24	29	10	10	9	—	—	—
Odanak	43	43	26	17	4	4	5	4	—	—
Okanagan Indian Band	34	34	23	11	5	6	—	—	—	—
Old Massett Village Council Band	33	33	21	12	6	6	—	—	—	—
One Arrow First Nation	36	36	8	28	7	7	7	7	—	—
Oneida Nation of the Thames	82	82	62	20	10	10	—	—	—	—
Onion Lake Cree Nation	193	193	168	25	25	—	—	—	—	—
Opaskwayak Cree Nation	199	199	173	26	26	—	—	—	—	—
O-Pipon-Na-Piwin Cree Nation	14	14	—	14	5	5	4	—	—	—
Osoyoos Indian Band	17	17	6	11	3	2	3	3	—	—
Padc Management Company Ltd	138	138	97	41	41	—	—	—	—	—
Pasqua First Nation #79	29	29	9	20	5	5	5	5	—	—
Peguis Band	189	189	122	67	34	33	—	—	—	—
Pelican Lake Band	38	38	23	15	8	7	—	—	—	—
Penelakut Tribe	29	29	8	21	5	5	6	5	—	—
Penticton Indian Band	29	29	7	22	6	5	6	5	—	—
Peter Ballantyne Cree Nation	92	92	52	40	40	—	—	—	—	—
Piapot Band	17	17	—	17	6	5	6	—	—	—
Pikangikum First Nation	75	75	—	75	15	15	15	15	15	—
Pinaymootang First Nation	15	15	—	15	5	5	5	—	—	—
Poplar Hill First Nation	29	29	14	15	4	4	3	4	—	—
Poplar River First Nation	14	14	—	14	7	7	—	—	—	—
Red Rock First Nation	17	17	6	11	3	3	3	2	—	—
Red Sucker Lake Band	21	21	—	21	7	7	7	—	—	—
Regroupement Mamit Innuat Inc	42	42	10	32	8	8	8	8	—	—
Sachigo Lake First Nation	33	33	17	16	4	4	4	4	—	—
Saddle Lake Band	192	192	156	36	36	—	—	—	—	—
Saint Mary's Band Council	79	79	68	11	11	—	—	—	—	—
Samson Band	74	74	32	42	21	21	—	—	—	—
Sandy Bay Band	35	35	—	35	18	17	—	—	—	—
Sandy Lake First Nation	47	47	—	47	16	15	16	—	—	—
Sapotaweyak Cree Nation	18	18	—	18	6	6	6	—	—	—
Saskatoon Tribal Council	30	30	8	22	5	6	5	6	—	—
Saugeen First Nation	43	43	27	16	5	6	5	—	—	—
Seabird Island Indian Band	42	42	11	31	8	8	8	7	—	—
Serpent River First Nation	20	20	7	13	3	3	4	3	—	—
Shamattawa First Nation	43	43	22	21	10	11	—	—	—	—
Siksika Nation Band	201	201	—	201	40	40	40	40	41	—
Simpcw First Nation	13	13	—	13	3	2	3	2	3	—
Sipekne'katik	39	39	9	30	8	7	8	7	—	—
Six Nations of the Grand River	123	123	48	75	19	19	19	18	—	—
Skeetchestn Indian Band	10	10	—	10	2	2	2	2	2	—
Skidegate Indian Band	37	37	10	27	7	7	7	6	—	—
Skownan First Nation	32	32	21	11	5	6	—	—	—	—
Snuneymuxw First Nation	33	33	14	19	6	6	7	—	—	—

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
Southeast Resource Development Council Corp	29	29	–	29	10	10	9	–	–	–
Southern First Nations Secretariat	60	60	34	26	9	8	9	–	–	–
Squamish Indian Band	68	68	17	51	13	13	12	13	–	–
St Theresa Point Band	83	83	36	47	24	23	–	–	–	–
Standing Buffalo Band	28	28	–	28	6	5	6	5	6	–
Sto:Lo Nation	24	24	11	13	4	5	4	–	–	–
Sturgeon Lake First Nation	34	34	16	18	9	9	–	–	–	–
Stz'uminus First Nation	38	38	9	29	7	8	7	7	–	–
Sunchild First Nation Band	38	38	25	13	7	6	–	–	–	–
Tataskweyak Cree Nation	91	91	24	67	17	17	17	16	–	–
Thunderchild First Nation	28	28	11	17	8	9	–	–	–	–
Timiskaming First Nation	39	39	20	19	6	7	6	–	–	–
Tk'emlúps Te Secwépemc	29	29	6	23	6	6	6	5	–	–
Tribal Chiefs Ventures Incorporated	62	62	45	17	9	8	–	–	–	–
Tsartlip Indian Band	41	41	21	20	10	10	–	–	–	–
Tsuut'ina Nation	105	105	93	12	12	–	–	–	–	–
Wabaseemoong Independent Nation	48	48	37	11	5	6	–	–	–	–
Wapekeka First Nation	21	21	9	12	3	3	3	3	–	–
Wasagamack First Nation	37	37	–	37	12	13	12	–	–	–
Wasauksing First Nation	20	20	7	13	3	3	4	3	–	–
Waterhen Lake Band	25	25	6	19	5	5	4	5	–	–
Waywayseecappo First Nation Treaty Four - 1874	44	44	17	27	14	13	–	–	–	–
Webequie	62	62	45	17	6	5	6	–	–	–
Western Cree Tribal Council	122	122	101	21	21	–	–	–	–	–
White Bear Band	31	31	10	21	5	5	5	6	–	–
Whitecap Dakota First Nation Band	10	10	–	10	2	2	2	2	2	–
Whitefish River First Nation	21	21	8	13	4	3	3	3	–	–
Wikwemikong Unceded Indian Reserve	187	187	169	18	18	–	–	–	–	–
Wunnumin Lake First Nation	40	40	30	10	3	4	3	–	–	–
Yellow Quill Band	33	33	8	25	6	6	7	6	–	–
Yorkton Tribal Administration Inc	16	16	4	12	3	3	3	3	–	–
Aboriginal recipient funding (Other)										
Aecom Canada Ltd	16	16	3	13	3	3	4	3	–	–
All Nations Development Corporation	48	48	10	38	10	9	10	9	–	–
Assembly of First Nations	77	77	47	30	15	15	–	–	–	–
Awasis Agency of Northern Manitoba	21	21	–	21	21	–	–	–	–	–
Carrier Sekani Family Services	20	20	4	16	4	4	4	4	–	–
Centre Intégré de Santé et de Services Sociaux de l'Abitibi-Témiscamingue	17	17	–	17	17	–	–	–	–	–
Conseil en Education des Premières Nations	179	179	40	139	36	35	34	34	–	–
Cree Nation Child and Family Caring Agency	13	13	–	13	13	–	–	–	–	–
Cree School Board	13	13	3	10	3	2	3	2	–	–
Dakota Ojibway Child and Family Services	11	11	–	11	11	–	–	–	–	–
First Nations Education Steering Committee Society	188	188	63	125	42	42	41	–	–	–
First Nations Finance Authority	20	20	10	10	10	–	–	–	–	–
First Nations Financial Management Board	50	50	31	19	10	9	–	–	–	–
First Nations Summit Society	13	13	3	10	3	2	3	2	–	–
First Nations Technical Services Advisory Group Inc	24	24	12	12	3	3	3	3	–	–
Freehorse Family Wellness Society	16	16	3	13	3	3	3	4	–	–
Frontier School Division #48	33	33	–	33	33	–	–	–	–	–
Grand Erie District School Board	43	43	14	29	7	7	7	8	–	–
Institut Tshakapesh	54	54	12	42	11	11	10	10	–	–
Inuit Tapiriit Kanatami	15	15	3	12	3	3	3	3	–	–
Island Lake First Nations Family Services	13	13	–	13	13	–	–	–	–	–
Kasohkowew Child and Wellness Society (2012)	22	22	–	22	22	–	–	–	–	–
Kenjgewin Teg Educational Institute	32	32	11	21	5	5	6	5	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
Kwumut Lelum Child and Family Services Society	17	17	4	13	3	3	3	4	—	—
Makivik Corporation	176	176	60	116	39	39	38	—	—	—
Mi'kmaw Family & Children's Services of Nova Scotia	19	19	—	19	19	—	—	—	—	—
Nan Corporate Services	88	88	29	59	15	15	14	15	—	—
Northern Nishnawbe Education Council	155	155	117	38	19	19	—	—	—	—
Northland School Division # 61	10	10	—	10	10	—	—	—	—	—
Nunavik Marine Region Wildlife Board	14	14	3	11	3	3	3	2	—	—
Nunavut Impact Review Board	59	59	41	18	5	4	5	4	—	—
Nunavut Planning Commission (Npc)	74	74	34	40	10	10	10	10	—	—
Nunavut Water Board	47	47	29	18	4	5	4	5	—	—
Nunavut Wildlife Management Board	105	105	61	44	11	11	11	11	—	—
Ontario First Nations Technical Services Corporation	45	45	15	30	8	7	8	7	—	—
Opiikapawiin Services Lp	23	23	11	12	6	6	—	—	—	—
Peter Ballantyne Child & Family Services Inc	59	59	44	15	15	—	—	—	—	—
Secwepemc Child & Family Services Agency	14	14	3	11	3	3	2	3	—	—
Seven Generations Education Institute	19	19	6	13	3	3	3	4	—	—
Southeast Child and Family Services	25	25	—	25	25	—	—	—	—	—
Stoney Nakoda Child and Family Services Society	12	12	—	12	12	—	—	—	—	—
The Corporation of the Town of Kapuskasing	66	66	35	31	10	11	10	—	—	—
The First Nations Information Governance Centre	22	22	4	18	4	5	4	5	—	—
The North West Company	91	91	70	21	21	—	—	—	—	—
Toquaht Indian Band	18	18	4	14	4	3	4	3	—	—
Treaty Six Education Council Inc	55	55	11	44	11	11	11	11	—	—
West Region Child and Family Services	10	10	—	10	10	—	—	—	—	—
Yukon Environmental Socio-Economic Assessment Board	29	29	17	12	6	6	—	—	—	—
Funding agreements for projects										
First Nations Land Management Resource Centre Inc	24	24	—	24	8	8	8	—	—	—
Martin Family Initiative	27	27	3	24	3	4	3	4	3	7
Shawano Consulting Services Ltd	75	75	25	50	25	25	—	—	—	—
Funding agreements for provincial governments and territories										
Government of Nunavut	50	50	23	27	4	5	4	5	4	5
Minister of Finance, Alberta (1 of 2)	24	24	8	16	2	2	3	2	2	5
Minister of Finance, Alberta (2 of 2)	64	64	17	47	6	6	6	6	6	17
Ministry of Child and Family Development, British Columbia	294	294	29	265	29	30	29	30	29	118
Ministry of Education, British Columbia	308	308	31	277	31	31	30	31	31	123
Ministry of Forests, Lands and Natural Resources, British Columbia	18	18	2	16	2	2	1	2	2	7
Ministry of Transportation and Infrastructure, British Columbia	21	21	2	19	2	2	2	2	2	9
Ministry of Community and Social Services, Ontario	2,093	2,093	1,553	540	270	270	—	—	—	—
Ministry of Natural Resources and Forestry, Ontario	24	24	8	16	4	4	4	4	—	—
Grants										
Cree Nation Government	633	633	409	224	112	112	—	—	—	—
Miawpukek Band	107	107	42	65	11	11	11	11	11	10
Mi'kmaw kina'matnewey	319	319	267	52	52	—	—	—	—	—
Nunatsiavut Government	327	327	210	117	58	59	—	—	—	—
Indian Self-Government										
Carcross/Tagish First Nation	51	51	33	18	9	9	—	—	—	—
Huu-Ay-Aht First Nations	43	43	29	14	3	4	3	4	—	—
Ka:'Yu:'K'T'H'/Che:K:Tles7Et'H' First Nations	50	50	32	18	4	5	4	5	—	—

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
Kluane First Nation	48	48	32	16	5	5	6	—	—	—
Kwanlin Dun First Nation	127	127	85	42	14	14	14	—	—	—
Nisga'a Nation	608	608	471	137	69	68	—	—	—	—
Sechelt Indian Band	55	55	34	21	7	7	7	—	—	—
Sioux Valley Dakota Nation	103	103	38	65	16	16	16	17	—	—
Ta'an Kwach'an Council	45	45	30	15	5	5	5	—	—	—
Tla'amin Nation	66	66	11	55	9	9	9	9	9	10
Ucluelet First Nation	51	51	33	18	4	5	4	5	—	—
Westbank First Nation	51	51	18	33	7	6	7	6	7	—
Aggregate of various transfer payment agreements under $10 million										
Aggregate	6,918	6,918	4,623	2,295	1,376	484	266	142	20	7
	27,526	*27,526*	*15,527*	*11,999*	*5,074*	*3,211*	*1,897*	*1,228*	*252*	*337*
Infrastructure and Communities										
Office of Infrastructure of Canada										
Asset Management Fund										
Federation of Canadian Municipalities	50	50	1	49	12	16	15	4	2	—
Border Infrastructure Fund										
Aggregate	140	140	131	9	9	—	—	—	—	—
Government of Quebec										
Highways 35, 55, 73 and 173, Phase I and II	147	147	130	17	—	—	17	—	—	—
Building Canada Fund—Communities Component										
Government of Quebec	201	201	132	69	19	19	31	—	—	—
Building Canada Fund—Large Urban Centres Component										
Government of Quebec	200	200	62	138	30	30	78	—	—	—
Building Canada Fund—Major Infrastructure Component										
Aggregate	1,303	1,303	1,159	144	105	33	6	—	—	—
City of Ottawa										
Ottawa Light Rail Transit Project	600	600	460	140	77	63	—	—	—	—
City of Port Coquitlam										
Port Coquitlam Recreation Centre Project	13	13	—	13	7	3	2	1	—	—
City of Toronto										
Union Station revitalization	133	133	95	38	28	10	—	—	—	—
City of Toronto and Regional Municipality of York										
Toronto-York Spadina Subway extension	622	622	574	48	48	—	—	—	—	—
Capital Regional District										
McLoughlin Wastewater Treatment Plant	120	120	—	120	16	47	25	32	—	—
Government of Alberta										
Royal Alberta Museum	113	113	98	15	15	—	—	—	—	—
Government of British Columbia										
Highway 1: Mountain Highway Interchange	12	12	2	10	10	—	—	—	—	—
Government of Quebec										
Ministry of Municipal Affairs and Land Occupancy										
Baie-Comeau Water Treatment Project	20	20	—	20	13	7	—	—	—	—
Jean R. Marcotte Wastewater Treatment Facility upgrade	64	64	1	63	6	8	49	—	—	—
Montreal Combined Sewer Overflow Project	49	49	—	49	—	15	34	—	—	—
Outremont Switching Yard Project	30	30	5	25	3	7	15	—	—	—

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2018	2019	2020	2021	2022	2023 and subsequent
Quartier des Spectacles of Montréal	40	40	29	11	2	4	5	—	—	—
Shawinigan Water Treatment System upgrades	24	24	—	24	15	9	—	—	—	—
Metrolinx										
GO Transit Improvement Program	250	250	224	26	26	—	—	—	—	—
Regional Municipality of Waterloo										
Waterloo Rapid Transit	265	265	205	60	34	—	26	—	—	—
River Valley Alliance										
Capital Region River Valley Park, Connectivity Phase	30	30	12	18	10	8	—	—	—	—
Wilfrid Laurier University										
Laurier Brantford YMCA	17	17	5	12	7	5	—	—	—	—
Canada Strategic Infrastructure Fund										
Aggregate	607	607	597	10	10	—	—	—	—	—
City of Winnipeg										
Winnipeg Wastewater Treatment	42	42	22	20	14	6	—	—	—	—
Corporation of the City of Brampton										
Brampton Züm Phase II Project	42	42	32	10	10	—	—	—	—	—
Government of Quebec										
Highways 35, 50, 185, Dorval Interchange, Phase II	389	389	378	11	—	—	11	—	—	—
Greater Toronto Transit Authority										
GO Transit Rail Infrastructure Improvements	385	385	340	45	45	—	—	—	—	—
Metrolinx										
Metrolinx FareCards	47	47	34	13	13	—	—	—	—	—
Regional Municipality of York										
York Region Transit VIVA, Phase II	85	85	73	12	12	—	—	—	—	—
Capacity Building for Climate Change Challenges										
Federation of Canadian Municipalities	75	75	1	74	15	22	21	14	2	—
Clean Water and Wastewater Fund										
Government of Alberta	197	197	—	197	112	85	—	—	—	—
Government of British Columbia	225	225	1	224	100	124	—	—	—	—
Government of Manitoba	95	95	—	95	37	58	—	—	—	—
Government of New Brunswick	79	79	—	79	52	27	—	—	—	—
Government of Newfoundland and Labrador	71	71	2	69	48	21	—	—	—	—
Government of the Northwest Territories	52	52	—	52	29	17	6	—	—	—
Government of Nova Scotia	87	87	1	86	86	—	—	—	—	—
Government of Nunavut	51	51	—	51	20	31	—	—	—	—
Government of Ontario	570	570	—	570	342	228	—	—	—	—
Government of Prince Edward Island	56	56	3	53	33	20	—	—	—	—
Government of Quebec	364	364	—	364	164	200	—	—	—	—
Government of Saskatchewan	89	89	—	89	65	24	—	—	—	—
Government of Yukon	51	51	1	50	16	17	17	—	—	—
Green Infrastructure Fund										
Aggregate	149	149	130	19	14	4	1	—	—	—
Capital Regional District										
Conveyance System Project, Victoria	50	50	—	50	9	21	16	4	—	—
City of Hamilton										
Woodward Avenue Wastewater Treatment Plant	100	100	—	100	31	30	19	20	—	—
Government of Quebec										
Biomethanation in Couronne sud	27	27	—	27	10	10	3	4	—	—
Biomethanation in Longueuil	22	22	—	22	—	—	7	—	—	15
Biomethanation in Quebec City	17	17	—	17	—	—	5	—	8	4
Biomethanation in Saint-Hyacinthe	11	11	—	11	11	—	—	—	—	—

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
Prince Edward Island Energy Corporation										
Northumberland Strait Power Cable Project	69	69	29	40	40	–	–	–	–	–
Inuvik to Tuktoyaktuk Highway Program										
Government of the Northwest Territories	200	200	188	12	12	–	–	–	–	–
New Building Canada Fund—National Infrastructure Component										
Fort McMurray Airport Authority										
Fort McMurray International Airport Expansion	25	25	1	24	–	5	7	4	3	5
Montreal Port Authority										
Optimization of port capacity	44	44	17	27	4	6	3	4	10	–
Saint John Port Authority										
Port Saint John West Side Terminals Modernization Project	68	68	–	68	3	20	15	14	11	5
New Building Canada Fund—Provincial-National and Regional Projects—Provincial-Territorial Infrastructure Component										
Aggregate	168	168	44	124	65	41	17	1	–	–
City of Greater Sudbury										
Maley Drive Extension, phase 1	27	27	1	26	7	10	3	6	–	–
City of Ottawa										
Combined Sewage Storage Tunnel	62	62	7	55	24	22	9	–	–	–
City of Saskatoon										
City of Saskatoon Umbrella Agreement	15	15	–	15	8	5	2	–	–	–
City of Selkirk										
Wastewater treatment facility	12	12	–	12	5	6	1	–	–	–
City of Thompson										
Wastewater Treatment Project	12	12	–	12	9	2	1	–	–	–
Government of British Columbia										
British Columbia Highways Umbrella Agreement	280	280	22	258	85	86	35	27	10	15
Government of Manitoba										
Manitoba Projects Umbrella Agreement	46	46	–	46	11	13	9	13	–	–
Government of New Brunswick										
National and regional projects in New Brunswick Umbrella Agreement	67	67	19	48	21	5	8	6	8	–
Government of the Northwest Territories										
Highway rehabilitation in the Northwest Territories Umbrella Agreement	72	72	34	38	22	16	–	–	–	–
Government of Nova Scotia										
National highway system rehabilitation in Nova Scotia	20	20	9	11	4	7	–	–	–	–
Government of Nunavut										
Nunavut Marine Infrastructure Umbrella Agreement	94	94	–	94	7	57	30	–	–	–
Government of Saskatchewan										
National and regional highway projects in Saskatchewan Umbrella Agreement	71	71	36	35	16	15	4	–	–	–
Greater Vancouver Sewage and Drainage District										
Lions Gate Secondary Wastewater Treatment Project	212	212	–	212	3	45	30	50	72	12

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
Halifax Regional Water Commission										
Halifax Regional Water Commission Umbrella Agreement	12	12	—	12	4	2	—	6	—	—
Memorial University of Newfoundland										
Core science facility	100	100	—	100	20	41	31	6	2	—
New Building Canada Fund—Small Communities Fund—Provincial-Territorial Infrastructure Component										
Government of Alberta	94	94	20	74	22	22	30	—	—	—
Government of British Columbia	109	109	13	96	36	29	15	7	9	—
Government of Manitoba	47	47	21	26	5	5	3	2	2	9
Government of New Brunswick	39	39	12	27	5	5	7	8	1	1
Government of Newfoundland and Labrador	35	35	3	32	6	12	10	4	—	—
Government of the Northwest Territories	186	186	10	176	43	22	37	19	19	36
Government of Nova Scotia	43	43	3	40	2	6	6	6	6	14
Government of Nunavut	226	226	2	224	14	37	39	41	41	52
Government of Ontario	272	272	29	243	57	64	55	40	20	7
Government of Prince Edward Island	28	28	2	26	3	6	4	4	3	6
Government of Quebec	177	177	—	177	27	88	62	—	—	—
Government of Saskatchewan	44	44	8	36	6	6	6	6	12	—
Government of Yukon	256	256	5	251	23	39	40	42	44	63
Provincial-Territorial Base Fund										
Aggregate	711	711	687	24	24	—	—	—	—	—
Government of Alberta	175	175	162	13	—	13	—	—	—	—
Government of Newfoundland and Labrador	175	175	162	13	13	—	—	—	—	—
Government of Nova Scotia	175	175	160	15	—	15	—	—	—	—
Government of Ontario	175	175	157	18	18	—	—	—	—	—
Government of Quebec	175	175	150	25	25	—	—	—	—	—
Public Transit Infrastructure Fund										
Aggregate	15	15	—	15	10	5	—	—	—	—
Government of Alberta	347	347	13	334	250	84	—	—	—	—
Government of British Columbia	460	460	21	439	226	213	—	—	—	—
Government of Manitoba	83	83	—	83	49	34	—	—	—	—
Government of Nova Scotia	32	32	—	32	32	—	—	—	—	—
Government of Ontario	1,487	1,487	2	1,485	915	570	—	—	—	—
Government of Quebec	924	924	—	924	693	231	—	—	—	—
Government of Saskatchewan	29	29	—	29	19	10	—	—	—	—
PPP Canada Inc.										
P3 Canada Fund	1,276	1,276	168	1,108	291	168	573	23	—	53
	17,949	*17,949*	*7,157*	*10,792*	*4,974*	*3,317*	*1,501*	*418*	*285*	*297*
Innovation, Science and Economic Development										
Department of Industry										
Automotive Innovation Fund										
Ford Motor Company of Canada Limited	174	174	72	102	25	33	21	23	—	—
Honda of Canada Manufacturing	42	42	—	42	12	14	16	—	—	—
Linamar Corporation	51	51	38	13	13	—	—	—	—	—
Automotive Supplier Innovation Program										
Aggregate	38	38	15	23	13	9	1	—	—	—
Bombardier Inc										
Research and development for C Series	470	470	406	64	28	15	21	—	—	—
Canarie Inc										
Operation of ultra-high speed research and education network	105	105	35	70	24	21	25	—	—	—
Community Futures Program										
Aggregate	29	29	14	15	7	5	3	—	—	—

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
Connecting Canadians Program										
Aggregate	79	79	44	35	32	3	–	–	–	–
TELUS Communications Inc	24	24	12	12	11	1	–	–	–	–
Xplornet Communications Inc	30	30	9	21	21	–	–	–	–	–
Miltacs Inc										
Delivery of industrial research and development internships	167	167	40	127	37	30	30	30	–	–
Northern Ontario Development Program										
Aggregate	92	92	51	41	27	10	3	1	–	–
Post-Secondary Institutions Strategic Investment Fund										
Aggregate	35	35	11	24	19	5	–	–	–	–
Government of Alberta	227	227	85	142	114	28	–	–	–	–
Government of British Columbia	256	256	96	160	128	32	–	–	–	–
Government of Manitoba	79	79	30	49	39	10	–	–	–	–
Government of New Brunswick	50	50	19	31	25	6	–	–	–	–
Government of Newfoundland and Labrador	34	34	13	21	17	4	–	–	–	–
Government of Nova Scotia	61	61	23	38	30	8	–	–	–	–
Government of Ontario	787	787	295	492	394	98	–	–	–	–
Government of Quebec	390	390	146	244	195	49	–	–	–	–
Government of Saskatchewan	66	66	24	42	33	9	–	–	–	–
Strategic Aerospace and Defence Initiative										
Aggregate	72	72	53	19	16	2	1	–	–	–
Bombardier Inc	253	253	63	190	60	90	40	–	–	–
CAE Inc	250	250	168	82	50	32	–	–	–	–
Héroux-Devtek Inc	49	49	26	23	7	8	8	–	–	–
Magellan Aerospace Limited	43	43	31	12	12	–	–	–	–	–
Urthecast Corp	18	18	5	13	6	3	2	2	–	–
Wescam Inc	75	75	24	51	15	15	21	–	–	–
Technology Demonstration Program										
Bombardier Inc	54	54	7	47	12	12	11	12	–	–
Consortium for Aerospace Research and Innovation in Canada	30	30	17	13	8	5	–	–	–	–
MDA Systems Ltd	54	54	22	32	14	8	7	3	–	–
Canada Foundation for Innovation										
Grants	7,134	6,645	6,207	438	140	101	79	57	61	–
Economic Development Agency of Canada for the Regions of Quebec										
Community Futures Program										
57 Community Futures Development Corporations and 10 Community Business Development Corporations	87	87	30	57	28	29	–	–	–	–
Economic Development of Quebec Program										
Institut national d'optique	50	50	10	40	10	10	10	10	–	–
Montréal International	41	41	28	13	3	2	3	5	–	–
Small and medium-sized enterprises (SME), SME groups and associations and non-profit organizations	608	608	377	231	180	42	9	–	–	–
Société du Parc Jean-Drapeau	61	61	14	47	3	6	6	6	6	20
Federal Economic Development Agency for Southern Ontario										
Advanced Manufacturing Fund										
Aggregate	76	76	59	17	12	5	–	–	–	–
Centre for Commercialization of Regenerative Medicine	20	20	6	14	9	5	–	–	–	–
Essar Steel Algoma Incorporated	30	30	–	30	21	9	–	–	–	–
Canada 150 Community Infrastructure Program										
Aggregate	68	68	11	57	57	–	–	–	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2018	2019	2020	2021	2022	2023 and subsequent
Community Futures Program										
Aggregate	39	39	25	14	11	3				
Eastern Ontario Development Program										
Aggregate	44	44	25	19	10	9				
Southern Ontario Prosperity Initiatives										
Aggregate	351	351	169	182	98	84				
University of Waterloo	12	12	2	10	4	6				
National Research Council of Canada										
Canada Accelerator and Incubator Program										
Aggregate	41	41		41	24	17				
Industrial Research Assistance Program										
Aggregate	145	145		145	131	13	1			
Triumf										
Joint venture by a consortium of universities to manage the TRIUMF Facility in British Columbia	473	473	308	165	55	55	55			
Western Economic Diversification										
Canada 150 Community Infrastructure Program										
Aggregate	56	56		56	56					
Community Futures Program										
Aggregate	26	26		26	26					
Western Diversification Program										
Aggregate	87	87		87	60	18	4	3	2	
	13,633	*13,144*	*9,165*	*3,979*	*2,382*	*979*	*377*	*152*	*69*	*20*
Justice										
Department of Justice										
Victims Fund										
Aggregate	74	74	18	56	22	16	11	7		
Youth justice services										
Aggregate	128	128	98	30	30					
Government of Alberta	68	68	54	14	14					
Government of British Columbia	88	88	71	17	17					
Government of Ontario	255	255	204	51	51					
Government of Quebec	147	147	117	30	30					
Intensive Rehabilitative Custody and Supervision Program	55	55	44	11	11					
	815	*815*	*606*	*209*	*175*	*16*	*11*	*7*		
Natural Resources										
Department of Natural Resources										
EcoENERGY for Renewable Power Program—Increase renewable power										
Aggregate	811	811	577	234	85	65	59	25		
Caribou Wind Park Limited Partnership	29	29	18	11	3	3	5			
Castle Rock Ridge Limited Partnership	23	23	11	12	2	2	3	5		
Dokie General Partnership	33	33	18	15	3	4	3	5		
Enbridge Ontario Wind Power LP	48	48	36	12	5	7				
International Paper Canada Pulp Holdings	33	33	20	13	3	3	3	4		
Kruger Energy Chatham LP	31	31	19	12	3	3	3	3		
Melancthon Wolfe Wind LP	49	49	38	11	5	5	1			
Mont Louis Wind LP	31	31	18	13	3	3	3	4		
St Joseph WindFarm Inc	42	42	25	17	4	4	5	4		
Talbot Windfarm LP	30	30	16	14	3	3	3	5		
Toba Montrose General Partnership	73	73	44	29	7	7	7	8		

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
Energy Innovation Program										
Aggregate	52	52	10	42	42	—	—	—	—	—
Forest Innovation Program—Investing in Canada's Forest Sector										
FPInnovations	19	19		19	19	—	—	—	—	—
Government of Saskatchewan										
Clean-up of the Gunnar uranium mining facilities	12	12	1	11	5	5	—	—	—	1
	1,316	*1,316*	*851*	*465*	*192*	*114*	*95*	*63*	—	*1*
Public Safety and Emergency Preparedness										
Department of Public Safety and Emergency Preparedness										
Biology Casework Analysis Contribution Program										
Ministre des Finances du Québec	14	14	4	10	3	4	3	—	—	—
Ontario Ministry of Finance	14	14	4	10	3	4	3	—	—	—
First Nations Policing Program										
Aggregate	137	137	75	62	62	—	—	—	—	—
Nishnawbe-Aski Police Service Board	26	26	13	13	13	—	—	—	—	—
Safer Communities Initiative										
Aggregate	145	145	31	114	34	34	23	15	8	—
Royal Canadian Mounted Police										
Canadian Firearms Program										
Aggregate	74	74	60	14	14	—	—	—	—	—
	410	*410*	*187*	*223*	*129*	*42*	*29*	*15*	*8*	—
Transport										
Department of Transport										
Asia-Pacific Gateway and Corridor Transportation Infrastructure Fund										
Aggregate	27	27	3	24	16	8	—	—	—	—
Gateways and Border Crossings Fund										
Aggregate	58	58	37	21	18	3	—	—	—	—
Aéroport de Québec Inc	28	28	11	17	13	—	4	—	—	—
Government of Manitoba	51	51	36	15	8	7	—	—	—	—
Government of Ontario	764	764	737	27	27	—	—	—	—	—
St Mary's River Bridge Company	52	52	40	12	12	—	—	—	—	—
Outaouais Roads Development										
Ministère des Transports, de la Mobilité durable et de l'Électrification des transports, Québec	179	179	143	36	1	3	5	1	26	—
Provision of Ferry, Coastal Freight and Passenger Services in British Columbia										
British Columbia Ministry of Transportation and Infrastructure	666	666	487	179	30	30	30	30	30	29
Regional and Remote Passenger Rail Services										
Aggregate	45	45	34	11	11	—	—	—	—	—
	1,870	*1,870*	*1,528*	*342*	*136*	*51*	*39*	*31*	*56*	*29*
Total transfer payment agreements	**99,287**	**98,798**	**51,806**	**46,992**	**21,360**	**11,666**	**7,136**	**3,345**	**1,777**	**1,708**

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
Capital assets and purchases										
Capital assets										
Canadian Heritage										
National Arts Centre Corporation										
PCL Construction										
Architectural rejuvenation	111	98	61	37	37	—	—	—	—	—
Production renewal	115	34	4	30	30	—	—	—	—	—
	226	*132*	*65*	*67*	*67*	—	—	—	—	—
Environment and Climate Change										
Department of the Environment										
Nuna East Ltd										
Eureka Runway Reconstruction, Eureka Ellesmere Island, Nunavut	26	26	9	17	3	6	6	2	—	—
Selex ES GmbH										
Replacement of radars at multiple Canadian sites	83	83	1	82	10	18	21	24	3	6
Parks Canada Agency										
Avalanche mitigation project, Trans-Canada Highway, Alberta										
Aggregate	93	50	28	22	22	—	—	—	—	—
Twinning of the Trans-Canada Highway, British Columbia										
Aggregate	52	11	7	4	4	—	—	—	—	—
Okanagan Aggregates Ltd	26	26	5	21	21	—	—	—	—	—
	280	*196*	*50*	*146*	*60*	*24*	*27*	*26*	*3*	*6*
Fisheries, Oceans and the Canadian Coast Guard										
Department of Fisheries and Oceans										
Acquisition of helicopters for the Canadian Coast Guard										
Bell Helicopter Textron Canada Limited										
Medium-lift helicopters	138	138	121	17	17	—	—	—	—	—
CAE Inc										
Full flight simulator	17	17	3	14	14	—	—	—	—	—
Acquisition of Offshore Fisheries Science Vessels										
Vancouver Shipyards Co. Ltd	484	484	226	258	171	87	—	—	—	—
Acquisition of Offshore Oceanographic Science Vessel										
Vancouver Shipyards Co. Ltd	33	33	8	25	25	—	—	—	—	—
Procurement of fifteen Canadian Coast Guard Search and Rescue Lifeboats										
Chantier Naval Forillon Inc	40	40	9	31	12	11	7	1	—	—
Hike Metal Products Ltd	38	38	9	29	10	10	7	2	—	—
	750	*750*	*376*	*374*	*249*	*108*	*14*	*3*	—	—
Infrastructure and Communities										
Office of Infrastructure of Canada										
Signature on the St. Lawrence Group										
New bridge for the St. Lawrence corridor Project[1]	2,542	2,542	1,217	1,325	501	701	123	—	—	—
Jacques Cartier and Champlain Bridges Inc										
Montage Saint-Laurent										
Replacement of bearings and steel works aiming for the reinforcement of the Jacques Cartier Bridge	28	28	16	12	12	—	—	—	—	—

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
Windsor-Detroit Bridge Authority										
Contracts to support bridge construction	113	113	–	113	92	16	2	2	1	–
Land purchases	208	208	–	208	147	41	20	–	–	–
Michigan Department of Transportation	63	63	–	63	33	24	5	1	–	–
	2,954	*2,954*	*1,233*	*1,721*	*785*	*782*	*150*	*3*	*1*	–
Innovation, Science and Economic Development										
Canadian Space Agency										
RADARSAT Constellation Mission										
Aggregate	5	5	4	1	1	–	–	–	–	–
MacDonald, Dettwiler and Associates Ltd	983	983	846	137	71	62	4	–	–	–
	988	*988*	*850*	*138*	*72*	*62*	*4*	–	–	–
National Defence										
Department of National Defence										
Airbus Defence and Space SA, Madrid, Spain										
Purchase of 16 fixed wing search and rescue aircraft	2,390	2,390	10	2,380	186	122	390	403	392	887
Airbus DS Electronics and Border Security Gmbh, Flensburg, Germany										
Area surveillance and secondary surveillance radar	75	74	49	25	25	–	–	–	–	–
Almiq Contracting Ltd										
Arctic/Offshore Patrol Ships Project, design and construct naval facility	66	58	43	15	15	–	–	–	–	–
AMAN Builders Inc										
Construct a health services centre, Edmonton, Alberta	38	38	12	26	22	4	–	–	–	–
Boeing, Ridley Park, Pennsylvania										
15 Medium to Heavy Lift Helicopters (Chinooks)	1,307	1,277	1,252	25	23	2	–	–	–	–
Bondfield Construction Company Limited										
Construct Healthcare Services Centre, Petawawa, Ontario	31	31	7	24	13	9	2	–	–	–
Cegerco Inc										
Rationalizing transport, electrical and mechanical engineering infrastructure	47	47	–	47	17	17	13	–	–	–
Dexter Construction Company Limited										
Replace jetty and dockyard, Halifax, Nova Scotia	91	90	38	52	41	11	–	–	–	–
DEW Engineering and Development ULC										
CBRN decontamination system	20	20	10	10	10	–	–	–	–	–
EllisDon Kinetic—Joint Venture										
Design and construct maintenance facility, CFB Esquimalt, British Columbia	210	197	157	40	37	3	–	–	–	–
Entreprise de Construction TEQ Inc										
Construct a health and dental centre, Saint-Jean-sur-Richelieu, Quebec	21	21	5	16	11	5	–	–	–	–
FFG Flensburger Fahrzeugbau Gesellschaft mbH, Flensburg, Germany										
Armoured engineer vehicles	186	186	137	49	44	5	–	–	–	–
General Dynamics Canada Ltd										
CP-140 Aurora Aircraft Data Management System Project	714	667	521	146	82	64	–	–	–	–
Design and build of Mercury Global Anchor Stations	53	53	29	24	17	7	–	–	–	–
Land Command Support System Engineering and Integration Long Term Support Contract	750	709	676	33	33	–	–	–	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31: 2018	2019	2020	2021	2022	2023 and subsequent
Light Armoured Vehicle III Upgrade Implementation Contract	1,595	1,595	987	608	244	191	171	2	—	—
Light Armoured Vehicle: Reconnaissance Surveillance Suite	305	305	34	271	56	194	20	1	—	—
Groupe GEYSER Inc										
Construct new armoury Saint-Hubert, Quebec	20	20	8	12	11	1	—	—	—	—
Irving Shipbuilding Inc										
Arctic Offshore Patrol Ship Build Contract	2,743	2,267	656	1,611	391	385	372	277	95	91
Canadian Surface Combatant Ancillary Definition Support Contract	49	49	32	17	17	—	—	—	—	—
Israel Ministry of Defence										
The Stand-Off Detection System	45	45	25	20	18	2	—	—	—	—
Krauss-Maffei Wegmann GmbH & Co KG Munich, Germany										
Implementation of Leopard 2 Tactical Mobility Implement System	31	31	16	15	14	1	—	—	—	—
Lockheed Martin Canada										
Combat Systems Integration	1,639	1,578	1,537	41	41	—	—	—	—	—
MacDonald, Dettwiler and Associates Ltd										
CP-140 Aurora Aircraft Imaging Radar Acquisition Project	336	336	311	25	23	2	—	—	—	—
Mack Defense LLC										
Standard Military Pattern Vehicle	684	684	1	683	250	350	83	—	—	—
Maxim Construction Inc										
Construct training facilities, Oromocto, New Brunswick	23	23	9	14	14	—	—	—	—	—
MDA Systems Limited										
Delivery of components of the Radar Satellite Constellation Mission Capability	59	59	5	54	20	10	—	24	—	—
Miller Paving Limited										
Repave runway, Markham, Ontario	26	26	3	23	18	5	—	—	—	—
Pomerleau Inc (Bedford)										
Air Traffic Control Tower, Greenwood, Nova Scotia	14	14	3	11	7	4	—	—	—	—
Pomerleau Inc (Surrey)										
Jetty B deconstruction, dredging, offshore facilities and site construction, Surrey, British Columbia	33	33	1	32	15	17	—	—	—	—
Quad Pro Construction Inc										
Construct building, Richmond Hill, Ontario	23	23	—	23	11	12	—	—	—	—
Rheinmetall Canada										
SATCom on the Move	25	25	8	17	17	—	—	—	—	—
Sikorsky International Operations Inc Stratford, United States										
Acquisition of 28 maritime helicopters	1,936	1,703	1,166	537	17	151	148	147	74	—
Site Energy Services Inc										
Upgrade utilities and roads, Cold Lake, Alberta	32	32	8	24	15	9	—	—	—	—
Textron Systems Canada Inc										
Tactical Armoured Patrol Vehicle acquisition contract	624	624	267	357	221	136	—	—	—	—
Thales Canada Inc										
Land Command Support System Software Long Term Support Contract	350	325	309	16	16	—	—	—	—	—

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2018	2019	2020	2021	2022	2023 and subsequent
United States Department of the Air Force										
Directed Infra-Red Counter Measures	82	61	39	22	8	13	1		–	–
Support for the Battle Control System Fixed	17	17	5	12	7	5			–	–
United States Department of the Navy										
Protected Military Satellite Communications	109	109	74	35	5	5	5	5	5	10
Operational Flight Program Software Support	28	28	16	12	7	2	2	1		
Vancouver Shipyards Co. Ltd										
Joint support ship, initial design review contract	88	88	75	13	13					–
Joint support ship, long lead items contract	39	39	2	37	37	–	–	–		–
Joint support ship, design production and engineering contract	137	137	1	136	102	34		–		
	17,091	*16,134*	*8,544*	*7,590*	*2,191*	*1,778*	*1,207*	*860*	*566*	*988*
Public Services and Procurement										
Department of Public Works and Government Services										
8424934 Canada Inc										
Public Service Pay Centre lease, Miramichi, New Brunswick[2]	64	64		64	1	2	3	3	3	52
EllisDon Corporation										
Canadian High Arctic Research Station (CHARS), Cambridge Bay, Nunavut	129	129	109	20	20	–			–	–
Government Conference Centre, Ottawa, Ontario										
Aggregate	123	44	31	13	11	2	–	–	–	–
PCL Constructors Canada Inc	146	146	71	75	75		–		–	–
Green Timbers Limited Partnership (paid through Computershare Investor Services Inc)										
Construction of RCMP "E" Division Forensic lab, Surrey, British-Columbia	58	58	5	53	31	21	1		–	
Pomerleau Inc										
Reconstruction of the Voltigeurs de Québec Armoury	69	69	47	22	22		–	–	–	–
Postal Station B Envelope Rehabilitation, Ottawa, Ontario										
Aggregate	15	12	10	2	2		–		–	
EllisDon Corporation	34	34	11	23	21	1	1		–	–
Société d'habitation et de développement de Montréal										
National Film Board of Canada lease, Quartier des spectacles, Montréal, Quebec[2]	65	65		65	–	3	3	3	3	53
Visitor Welcome Centre, Ottawa, Ontario										
Aggregate	73	25	19	6	5	1	–			–
PCL Constructors Canada Inc	57	57	36	21	21	–	–		–	
West Block Program, Ottawa, Ontario										
Aggregate	523	428	414	14	11	3	–	–		–
Colliers Project Leaders Inc	20	20	9	11	9	2			–	
PCL Constructors Canada Inc	628	628	476	152	150	2	–			–
Shared Services Canada										
IBM Canada Ltd										
Supercomputer renewal, Dorval, Quebec[2]	211	211		211	19	26	27	32	32	75
	2,215	*1,990*	*1,238*	*752*	*398*	*63*	*35*	*38*	*38*	*180*

Table 11.3

Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2018	2019	2020	2021	2022	2023 and subsequent
Transport										
Canadian Air Transport Security Authority										
Aéroports de Montréal	29	29	9	20	20					
Greater Toronto Airports Authority	88	88	61	27	27					
Vancouver International Airport Authority	114	114	48	66	15	31	19	1		
	231	*231*	*118*	*113*	*62*	*31*	*19*	*1*		
Total capital assets	24,735	23,375	12,474	10,901	3,884	2,848	1,456	931	608	1,174
Purchases										
Canadian Heritage										
Canadian Broadcasting Corporation										
Programming rights										
Sports	169	169	34	135	20	13	11	36	22	33
Other	33	33	—	33	—	8	17	8	—	—
SAP Canada	14	14	1	13	1	2	1	2	1	6
SNC-Lavalin Profac Inc	471	471	361	110	35	37	38	—	—	
Transmission and distribution	35	35	12	23	6	6	6	5	—	
National Capital Commission										
Services récréatifs DEMSIS Inc										
Land management and maintenance	21	21	8	13	4	4	4	1	—	—
	743	*743*	*416*	*327*	*66*	*70*	*77*	*52*	*23*	*39*
Environment and Climate Change										
Department of the Environment										
Bell Mobility										
Broadcast services	17	17	6	11	1		1	1	1	7
McNally Construction Inc and Riggs Engineering										
Randle Reef Contaminated Sediment Remediation Project	125	37	21	16	16					
	142	*54*	*27*	*27*	*17*		*1*	*1*	*1*	*7*
Families, Children and Social Development										
Department of Employment and Social Development										
Davis + Henderson Limited Partnership										
Student loans management services	692	692	661	31	31					
Quantum Management Services Ltd										
Provide and manage a team of information centre specialists to assist in the delivery of public enquiry services	73	73	57	16	16	—		—		—
	765	*765*	*718*	*47*	*47*	—	—		—	
Fisheries, Oceans and the Canadian Coast Guard										
Department of Fisheries and Oceans										
Provincial Airlines Ltd										
Air surveillance services	*146*	*146*	*116*	*30*	*15*	*15*	—	—	—	—
Global Affairs										
Canadian Commercial Corporation										
Contracts with Canadian exporters	*19,979*	*19,979*	*689*	*19,290*	*2,940*	*5,016*	*5,762*	*3,833*	*703*	*1,036*
Health										
Department of Health										
Express Scripts Inc										
Management and administration of the Health Information Claims Processing System	178	178	152	26	26	—			—	—

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2018	2019	2020	2021	2022	2023 and subsequent
Public Health Agency of Canada										
GlaxoSmithKline Inc										
Pandemic readiness fees	84	84	55	29	9	10	10	–	–	–
Pharmaceutical and other medicinal products										
Bavarian Nordic, Kvistgard, Denmark	22	22	12	10	5	5	–	–	–	–
Emergent Biosolutions	16	16	5	11	11		–	–	–	–
	300	*300*	*224*	*76*	*51*	*15*	*10*	–	–	–
Immigration, Refugees and Citizenship										
Department of Citizenship and Immigration										
Canadian Bank Note Company Ltd										
Purchase of passport materials	*213*	*213*	*169*	*44*	*44*	–	–	–	–	–
Infrastructure and Communities										
Office of Infrastructure of Canada										
Signature on the St. Lawrence Group										
New bridge for the St. Lawrence corridor Project	1,435	1,435	3	1,432	2	4	20	35	37	1,334
Jacques Cartier and Champlain Bridges Inc										
Pomerleau Inc										
Bonaventure Highway, construction of a containment system	21	18	8	10	10	–	–	–	–	–
	1,456	*1,453*	*11*	*1,442*	*12*	*4*	*20*	*35*	*37*	*1,334*
Innovation, Science and Economic Development										
Canadian Space Agency										
MacDonald, Dettwiler and Associates Ltd										
Logistics and Sustaining Engineering Support for the International Space Station Mobile Servicing System	*200*	*200*	*161*	*39*	*36*	*3*	–	–	–	–
National Defence										
Department of National Defence										
Aéro-Feu Ltd										
Firefighting equipment	17	17	–	17	17	–	–	–	–	–
ADGA Group Consultants Inc										
Land Command Support System Weapon System Management	251	151	139	12	12	–	–	–	–	–
Airboss Engineered Products Inc										
Mukluks footwear	11	11	–	11	11	–	–	–	–	–
Airborne Systems Limited										
Decoy radar equipment	11	11		11	6	5	–	–	–	–
Allied Wings Limited Partnership										
Primary rotary wing and multi-engine pilot training, Portage la Prairie, Manitoba	1,828	1,767	855	912	85	85	85	85	85	487
AMEC Foster Wheeler (Dartmouth), Nordlys Environmental Limited Partnership and others										
Goose Bay Remediation Project, Newfoundland and Labrador	105	105	60	45	34	7	4	–	–	–
Artex Sportswear Inc										
Enhanced combat uniforms	14	14	–	14	14	–	–	–	–	–
ATCO Group										
Facilities maintenance, Calgary, Alberta	81	76	60	16	16	–	–	–	–	–
Babcock Canada Inc										
HMCS Cornerbrook Extended Docking Work Period	295	191	133	58	58	–	–	–	–	–
Victoria Class in service support contract	1,442	887	743	144	142	2	–	–	–	–
Bell Helicopter Textron Canada Limited										
Optimized Weapon System Support, CH-146 Griffon	641	641	485	156	52	52	52	–	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2018	2019	2020	2021	2022	2023 and subsequent
Black & McDonald Limited										
Facilities maintenance, Ottawa, Ontario	48	36	—	36	8	8	8	8	4	—
BMT Fleet Technology Limited										
Engineering, Logistics and Management Support Services to ship design	55	55	32	23	23	—	—	—	—	—
Boeing, Pennsylvania										
In service support for the CH-147F Chinooks	2,092	2,092	1,384	708	708	—	—	—	—	—
CAE Inc										
Aircrew operational training services in support of the CC-130J and CH-147F aircrafts	285	285	33	252	15	13	13	14	13	184
On-site hardware and software maintenance to the operational and training staff	19	19	6	13	6	7	—	—	—	—
CAE Military Aviation Training Inc										
NATO flying training in Canada, Moose Jaw and Cold Lake	2,583	2,226	1,521	705	109	125	122	124	127	98
Calian Ltd										
Recruit and manage health service providers for the Canadian Armed Forces	900	900	774	126	126	—	—	—	—	—
Canadian Base Operators Meaford										
Provide base and logistical services	219	219	154	65	16	16	16	17	—	—
Cascade Aerospace Inc										
CC-130 Hercules Avionics Optimized Weapon System Management	44	44	10	34	34	—	—	—	—	—
Corporation Fort Saint-Jean										
Support to Royal Military College St-Jean	371	371	156	215	23	24	24	25	25	94
Elbit Systems EW and SIGINT-Elisra Inc, Holom, Israel										
Electronic surveillance measures spares	28	28	—	28	23	2	3	—	—	—
Federal Fleet Services Inc										
Interim Auxiliary Oiler Replenishment Services	540	540	17	523	74	99	115	116	119	—
Fleetway Inc										
In service support for Halifax and Iroquois Class vessels	195	180	133	47	15	15	17	—	—	—
General Dynamics Canada Ltd										
Combat Net Radio / Vehicle Interface Unit upgrade	125	125	89	36	36	—	—	—	—	—
Wheeled Light Armoured Vehicles Optimized Weapon Systems Support, phase 2	864	746	694	52	18	12	11	11	—	—
General Dynamics Mission										
Repair and overhaul sonar systems	18	18	4	14	14	—	—	—	—	—
Harris Canada Inc										
CF-18 Hornet Avionics Optimized Weapon System Support	245	245	151	94	31	33	30	—	—	—
Hewitt Equipment Limited										
Diesel generator set replacement and in service support	93	59	12	47	14	10	10	7	4	2
IMP Group Ltd, Aerospace Division										
CH-124 Sea King Helicopter Third line support contract	495	495	449	46	7	1	38	—	—	—
CH-149 Cormorant Helicopter in service support contract	1,690	1,340	1,108	232	92	74	32	34	—	—
CP-140 Aurora Aircraft Optimized Weapon Systems Support	1,262	688	629	59	59	—	—	—	—	—
Irving Shipbuilding Inc										
Halifax Class modernization	688	688	635	53	53	—	—	—	—	—

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
Kelowna Flightcraft										
Repair and overhaul primary air vehicle (1 of 2)	33	33	–	33	3	4	4	4	4	14
Repair and overhaul primary air vehicle (2 of 2)	37	37	–	37	8	9	9	10	1	–
L-3 Communications										
CC-150 fleet in service support	195	195	164	31	31	–	–	–	–	–
CF-18 Hornet Aircraft System Engineering Support	1,212	1,212	1,118	94	94	–	–	–	–	–
Repair and overhaul	39	39	26	13	6	7	–	–	–	–
Lloyd's Register Canada Limited										
Classification Society Support for Combatants	88	17	2	15	5	5	5	–	–	–
Lockheed Martin Canada										
Combat Systems Integration	548	345	120	225	75	75	75	–	–	–
Lockheed Martin Corporation, Georgia										
In service support for the CC130J Hercules fleet	3,880	3,880	3,049	831	157	125	124	145	154	126
Logistik Unicorp Inc										
Consolidated Clothing Contract	550	550	492	58	58	–	–	–	–	–
Mack Defense LLC, Allentown, Pennsylvania										
In service support of the Standard Military Pattern Vehicle	43	43	–	43	12	18	13	–	–	–
Magellan Aerospace Limited										
Repair and overhaul engines	32	32	16	16	16	–	–	–	–	–
MAN Diesel & Turbo Canada Ltd										
Repair and overhaul Halifax Class propulsion diesel engines	43	32	19	13	13	–	–	–	–	–
Meggit Training Systems (Québec) Inc										
In service support of the Small Arms Trainer and Indirect Fire Trainer	35	35	20	15	15	–	–	–	–	–
Montfort Health Services										
Provide medical and dental facility and professional services	112	112	70	42	9	10	9	10	4	–
Morgan Advanced Materials Composites and Defence Materials										
CM735 Ballistic helmets	35	35	2	33	5	6	5	6	5	6
NATO Seasparrow										
Evolved Seasparrow Missile—in service support contract, block 1	133	133	84	49	18	17	14	–	–	–
Northrop Gumman International Trading Inc, Charlottesville, Virginia										
In service support of the navigation systems	43	43	31	12	11	1	–	–	–	–
Orenda Aerospace Corporation										
F404 Propulsion Group interim support	40	40	–	40	13	9	9	9	–	–
Pacific Safety Products Inc										
Fragmentation protective vests	35	35	2	33	5	6	5	6	5	6
Pomerleau Inc										
Contaminated site remediation, Surrey, British Columbia	23	23	–	23	23	–	–	–	–	–
Peerless Garments Ltd										
Converged combat rainsuits	17	17	–	17	17	–	–	–	–	–
Enhanced combat uniforms	18	18	–	18	18	–	–	–	–	–
Raytheon Canada Limited										
Close-in Weapon System 2, repair, overhaul and conversion of radar equipment	181	181	163	18	12	6	–	–	–	–
North Warning System operation and maintenance	231	231	103	128	48	49	31	–	–	–
Rheinmetal Canada Ltd										
Medium ranged radar acquisition	139	139	36	103	55	38	10	–	–	–

Table 11.3

Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
R.J. MacIsaac Construction Ltd										
Decommissioned ship disposal, Protecteur and Algonquin	34	34	20	14	14	—	—	—	—	—
SERCO Facilities Management Inc										
Provision of services at Happy Valley-Goose Bay, Newfoundland and Labrador	237	237	61	176	62	57	57	—	—	—
Sikorsky International Operations Inc										
Maritime helicopters in service support	5,778	5,747	611	5,136	232	213	183	128	135	4,245
SNC Lavalin Defence Programs Inc										
In service support contract for Maritime Coastal Defence Vessel	599	382	308	74	74	—	—	—	—	—
Standard Aero Limited										
Repair and overhaul of CC-130 Hercules and CP-140 Aurora T56 engines	45	45	—	45	20	20	5	—	—	—
Textron Systems Canada Inc										
Tactical Armoured Patrol Vehicle in service support contract	106	106	52	54	33	5	5	5	6	—
Thales Canada Inc										
Attack and search periscope main tube	17	17	1	16	7	9	—	—	—	—
Repair and overhaul periscopes	48	38	22	16	5	5	6	—	—	—
United States Department of Defense										
Automated data processing software	14	14	2	12	5	5	2	—	—	—
Operations and support of Advanced Extremely High Frequency MILSATCOM System	91	85	35	50	6	7	7	7	7	16
United States Department of the Air Force										
In service support for the CC-177 Globemaster III fleet	790	790	697	93	93	—	—	—	—	—
Wideband Global Satellite Communications System	406	406	381	25	2	—	1	1	1	20
United States Department of the Army										
Ammunition	171	171	105	66	57	9	—	—	—	—
Repair and return of T55 engines	14	14	3	11	5	6	—	—	—	—
United States Department of the Navy										
Aircraft structural components (1 of 2)	21	21	10	11	3	3	3	2	—	—
Aircraft structural components (2 of 2)	19	19	6	13	3	3	3	4	—	—
CF-18 Hornet, Program Management Aviation 265 Support	25	25	14	11	5	5	1	—	—	—
Heavy weight torpedo upgrade	210	210	79	131	30	26	24	24	23	4
Repair and overhaul	70	70	—	70	3	7	10	13	10	27
Repair and overhaul MK-48 torpedo	100	100	61	39	6	6	6	6	6	9
Repair and overhaul recertification	15	15	4	11	5	6	—	—	—	—
Small unmanned aircraft	19	19	5	14	12	2	—	—	—	—
Victoria Shipbuilding Limited										
Halifax Class modernization	505	505	448	57	57	—	—	—	—	—
Weatherhaven Global Resources Inc										
Headquarters shelter systems	134	134	—	134	5	2	41	41	45	—
In service support of the Headquarters shelter systems	12	12	—	12	—	—	4	4	4	—
Weir Canada Inc										
Maritime Systems and Engineering	635	330	224	106	53	53	—	—	—	—
Communications Security Establishment										
Plenary Properties										
Public-private partnership arrangement to design, build, finance and maintain (35 years)	3,070	3,069	318	2,751	107	117	110	100	106	2,211
	38,482	*35,342*	*19,450*	*15,892*	*3,582*	*1,541*	*1,361*	*966*	*893*	*7,549*
Natural Resources										
Atomic Energy of Canada Limited										
Purchase orders	*834*	*834*	*425*	*409*	*409*	—	—	—	—	—

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
Public Safety and Emergency Preparedness										
Correctional Service										
Community residential facilities										
Aggregate	196	196	51	145	119	10	8	5	3	–
Royal Canadian Mounted Police										
RCMP Fleet Vehicles	88	88	47	41	41	–	–	–	–	–
Services of guards and matrons	25	25	–	25	25	–	–	–	–	–
	309	*309*	*98*	*211*	*185*	*10*	*8*	*5*	*3*	–
Public Services and Procurement										
Department of Public Works and Government Services										
Brookfield Global Integrated Solutions Canada LP										
Building maintenance services	9,950	9,950	1,378	8,572	1,299	1,299	1,300	1,299	1,045	2,330
Card acceptance services										
Amex Bank of Canada	22	22	4	18	5	6	7	–	–	–
Moneris Solutions Corporation	185	185	37	148	44	40	64	–	–	–
EllisDon Civil Ltd, Chant Limited										
Rehabilitation of earth dams (dykes), Talbot River dykes and locks 39, 40 & 41, Ontario	33	33	1	32	12	10	10	–	–	–
Entreprise de Construction TEQ Inc										
Major redevelopment and development of call centre	23	23	9	14	13	1	–	–	–	–
Giant Mine Remediation										
Nuna Logistics Limited	47	47	36	11	11	–	–	–	–	–
Parsons Canada Ltd	27	27	15	12	12	–	–	–	–	–
Green Timbers Limited Partnership										
Public-Private Partnership Relocation Project—RCMP "E" Division relocation, Surrey, British Columbia	738	738	127	611	29	29	30	29	30	464
J.W. Lindsay Enterprises Limited										
Canadian Coast Guard Atlantic Regional Headquarters, Southside Base Reconstruction, phase 3	18	18	1	17	10	7	–	–	–	–
Kudlik Construction Ltd										
Remediation Project of Keith Bay, Nunavut	15	15	3	12	12	–	–	–	–	–
Maple Reinders Constructors Ltd										
Construction and rehabilitation of Port Severn and Northern Area Dams	26	26	1	25	13	10	2	–	–	–
Maple Reinders Constructors Ltd, Construction Demathieu et Bard Inc (joint venture)										
Rehabilitation and reconstruction of dams, dykes and locks of the Trent Severn Waterway Infrastructure, Ontario	267	267	3	264	49	60	155	–	–	–
McNally Construction Inc										
Randle Reef Sediment Remediation Project, Stage 1 Construction, Hamilton Harbour, Ontario	29	29	15	14	14	–	–	–	–	–
Nahanni Construction Ltd and Delta Engineering Ltd (Joint venture)										
Gordon Lake remediation, Northwest Territories	13	13	1	12	12	–	–	–	–	–
Tundra Mine remediation, Northwest Territories	23	23	6	17	17	–	–	–	–	–
North Alaska Highway maintenance and repair services, British Columbia										
Aggregate	125	125	108	17	13	3	1	–	–	–

Table 11.3

Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
Nuna East Ltd										
Runway and tarmac rehabilitation and construction of new tarmac, Eureka, Nunavut	23	23	8	15	15	–	–	–	–	–
Pomerleau Inc										
Canadian Centre for Advanced Material Manufacturing	17	17	–	17	17	–	–	–	–	–
Construction management services, Maurice-Lamontagne Institute and Quebec Base	11	11	–	11	7	4	–	–	–	–
SAP Canada Inc										
Financial system services	38	38	28	10	10	–	–	–	–	–
Tax and operation and maintenance portion on leases										
2237800 Ontario Ltd										
395 Terminal Avenue, Ottawa, Ontario	66	66	14	52	4	4	4	5	5	30
4345177 Canada Inc										
Fontaine Building, 200 Sacré-Cœur Boulevard, Gatineau, Quebec	45	45	25	20	3	3	3	4	4	3
6149625 Canada Inc										
Place Vincent Massey, 351 Saint-Joseph Boulevard, Gatineau, Quebec	23	23	3	20	1	1	1	1	1	15
6149626 Canada Inc										
Place Vincent Massey, 351 Saint-Joseph Boulevard, Gatineau, Quebec	106	106	18	88	3	4	4	4	4	69
8424934 Canada Inc										
Public Service Pay Centre lease, Miramichi, New Brunswick[3]	15	15	–	15	–	1	–	1	–	13
Broccolini Construction										
455 de la Carrière Boulevard, Gatineau, Quebec	218	218	26	192	8	8	8	8	8	152
Canada Post Corporation										
750 Heron Road, Ottawa, Ontario	54	54	39	15	5	6	4	–	–	–
Computershare Trust Company of Canada										
Canada Place Building, 9700 Jasper Avenue, Edmonton, Alberta	318	318	107	211	12	12	12	12	13	150
Harry Hays Building, 220 - 4th Avenue, Calgary, Alberta	201	201	67	134	7	8	8	8	8	95
Joseph Sheppard Building, 4900 Yonge Street, Toronto, Ontario	281	281	93	188	11	11	11	11	11	133
RCMP Building, 4225 Dorchester Boulevard West, Westmount, Quebec	101	101	32	69	4	4	4	4	4	49
Revenue Canada Building, 305 René-Lévesque Boulevard West, Montréal, Quebec	119	119	34	85	5	5	5	5	5	60
Skyline Complex, 1400 Merivale Road, Ottawa, Ontario	304	304	134	170	10	10	10	10	10	120
Thomas D'Arcy McGee Building, 90 Sparks Street, Ottawa, Ontario	270	270	78	192	11	11	11	11	12	136
Consortium GM Développement, OGESCO Construction, Pierre Martin & Associés, Design & Architecture										
1550 d'Estimauville Avenue, Québec, Quebec	66	66	16	50	3	3	3	3	3	35
M P N Holdings Ltd										
111 Lombard Avenue, Winnipeg, Manitoba	13	13	1	12	1	–	1	–	1	9
Minto Commercial Properties Inc										
Mercury Centre, 3000 Merivale Road, Ottawa, Ontario	373	373	77	296	13	14	14	15	16	224

Table 11.3

Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2018	2019	2020	2021	2022	2023 and subsequent
Morguard Corporation										
181 Queen Street, Ottawa, Ontario	67	67	40	27	3	4	4	4	4	8
Trusco Building, 131 Queen Street, Ottawa, Ontario	142	142	60	82	8	8	8	8	9	41
Pomerleau, Kevlar et Québec Inc										
2575 Ste-Anne Boulevard, Québec, Quebec	41	41	4	37	2	2	2	2	2	27
Société d'habitation et de développement de Montréal										
National Film Board of Canada lease, Quartier des spectacles, Montréal, Quebec[3]	54	54	—	54	—	2	2	3	2	45
Société en commandite Montcalm										
Montcalm Place, Phase II, 200 Montcalm Street, Gatineau, Quebec	23	23	7	16	1	2	1	2	1	9
The Canada Life Assurance Company										
Judicial Complex, 180 Queen Street West, Toronto, Ontario	94	94	46	48	5	5	5	5	5	23
The Great-West Life Assurance Company										
James Michael Flaherty Building, 90 Elgin Street, Ottawa, Ontario	309	309	31	278	12	12	12	12	12	218
The Great-West Life Assurance Company of Canada and London Life Insurance Company										
269 Laurier Street West, Ottawa, Ontario	84	84	63	21	6	6	6	3	—	—
Shared Services Canada										
Bell Canada										
Government cabling services	150	150	19	131	30	30	30	41	—	—
Government cellular services	55	55	45	10	10	—	—	—	—	—
NPS Net wide area network	172	172	127	45	21	20	4	—	—	—
Wide area network services / Networking equipment and services	92	92	77	15	15	—	—	—	—	—
IBM Canada Ltd										
Data centre co-location services	43	43	18	25	4	3	3	4	3	8
Mainframe hardware and software consolidation	199	199	110	89	53	36	—	—		
Supercomputer renewal, Dorval, Quebec[3]	149	149	—	149	15	20	21	24	25	44
Inmarsat Solutions Canada Inc										
Inmarsat satellite services	30	30	16	14	14	—	—	—	—	—
Micro Focus Software Canada Inc										
Micro Focus consolidated maintenance and support contract	20	20	9	11	6	5	—	—	—	—
Microsoft Corporation										
Microsoft enterprise agreement	344	344	247	97	97	—	—	—	—	—
Rogers Communications Canada Inc										
Government cellular services	164	164	130	34	34	—	—	—	—	—
Toll-free network services	47	47	—	47	4	5	5	6	5	22
Telus Communications Company										
Government enterprise network services	127	127	75	52	23	21	8	—	—	—
Government of Canada network wide area network services, stream 1	213	213	2	211	26	32	39	45	69	—
Government of Canada network wide area network services, stream 2	25	25	1	24	6	7	11	—	—	—
Unisys Canada Inc										
Maintenance and support services for Unisys mainframe	21	21	1	20	4	4	4	4	4	—
Zayo Canada Inc										
Government of Canada network wide area network services, stream 1	213	213	1	212	26	32	39	45	70	—
	17,081	*17,081*	*3,674*	*13,407*	*2,140*	*1,830*	*1,876*	*1,638*	*1,391*	*4,532*

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2018	2019	2020	2021	2022	2023 and subsequent
Transport										
Canadian Air Transport Security Authority										
Garda Security Screening Inc – Central	1,504	1,504	667	837	153	171	171	171	171	—
Garda Security Screening Inc – Prairies	1,048	1,048	466	582	110	118	118	118	118	—
G4S Secure Solutions (Canada) Ltd	943	943	437	506	96	102	103	102	103	—
Morpho Detection Inc	222	222	124	98	98	—	—	—	—	—
NAV Canada	98	98	58	40	9	10	11	10	—	—
Securitas Transport Aviation Security Ltd	1,129	1,129	498	631	120	128	128	128	127	—
Smiths Detection Montreal Inc	40	40	18	22	8	8	6	—	—	—
Sun Life Assurance Company of Canada	31	31	14	17	4	5	4	4	—	—
Telus Communications Company	11	11	—	11	2	2	2	2	2	1
	5,026	*5,026*	*2,282*	*2,744*	*600*	*544*	*543*	*535*	*521*	*1*
Treasury Board										
Treasury Board Secretariat										
Sun Life Assurance Company of Canada										
Public Service Health Care Plan (Administrative services)	*253*	*253*	*181*	*72*	*33*	*39*	—	—	—	—
Total purchases	85,929	82,698	28,641	54,057	10,177	9,087	9,658	7,065	3,572	14,498
Total capital assets and purchases	**110,664**	**106,073**	**41,115**	**64,958**	**14,061**	**11,935**	**11,114**	**7,996**	**4,180**	**15,672**
Operating leases										
Canadian Heritage										
Canada Council for the Arts										
Office accommodation, 150 Elgin Street, Ottawa, Ontario	90	90	15	75	4	4	4	4	4	55
Canadian Broadcasting Corporation										
Eurofax Properties	17	17	2	15	1	2	1	2	1	8
Morguard	144	144	91	53	7	8	7	8	8	15
Canadian Museum of Immigration at Pier 21										
1055 Marginal Road, Halifax, Nova Scotia	69	69	8	61	2	1	2	1	2	53
National Capital Commission										
Chambers Building, Ottawa, Ontario	144	144	6	138	7	7	6	5	5	108
	464	*464*	*122*	*342*	*21*	*22*	*20*	*20*	*20*	*239*
Environment and Climate Change										
Department of the Environment										
Capilano Indian Reserve No. 5 of Vancouver, British Columbia										
Lease of land – Pacific Environmental Center	*385*	*385*	*188*	*197*	*8*	*8*	*8*	*8*	*8*	*157*
Global Affairs										
Department of Foreign Affairs, Trade and Development										
AG Insurance S.A.										
Chancery, Brussels, Belgium	14	14	1	13	1	1	1	1	1	8
BTG Pactual Servicios Financeiros D										
Chancery, Sao Paulo, Brazil	21	21	—	21	2	2	2	2	2	11
Capital Land Commercial Trust										
Chancery, Singapore, Singapore	16	16	3	13	3	3	3	3	1	—
Fifteen-O-One Fourth Ave Ltd										
Chancery, Seattle, United States	13	13	—	13	1	1	1	1	2	7
Main Business Administration for Services to the Diplomatic Corps (GlavUpDK)										
Chancery, Russia	80	80	30	50	3	2	3	3	3	36

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2018	2019	2020	2021	2022	2023 and subsequent
Pacific Grace Limited										
Chancery, Hong Kong, China	22	22	11	11	2	2	2	2	2	1
Property Trust Nominees Ltd & New Ireland Assurance										
Chancery, Dublin, Ireland	17	17	7	10	1	–	1	–	1	7
Shanghai JinAn Century Property Development Co Ltd										
Chancery, Shanghai, China	15	15		15	3	3	3	3	3	–
Spanish Space Tower, S.A.U. (Torre Espacio Castellana, S.A.U.)										
Chancery, Madrid, Spain	34	34	16	18	2	2	2	1	1	10
The HongKong Land Property Company Limited										
Chancery, Hong Kong, China	20	20	8	12	2	2	2	2	2	2
Canadian Commercial Corporation										
Office space	38	38	14	24	1	2	1	2	2	16
International Development Research Centre										
Head office, 150 Kent Street, Ottawa, Ontario	40	40	7	33	5	6	6	6	6	4
	330	*330*	*97*	*233*	*26*	*26*	*27*	*26*	*26*	*102*
Indigenous and Northern Affairs										
Department of Indian Affairs and Northern Development										
Residential Housing Lease										
Aggregate	*17*	*17*	–	*17*	*1*	*1*	*1*	–	*1*	*13*
Public Safety and Emergency Preparedness										
Royal Canadian Mounted Police										
Government of Alberta										
Alberta First Responders Radio Communications System	*385*	*385*	*24*	*361*	*24*	*24*	*24*	*24*	*24*	*241*
Public Services and Procurement										
Department of Public Works and Government Services										
0957333 BC Ltd										
3991 Gladys Avenue, Abbotsford, British Columbia	22	22	7	15	1	2	1	2	1	8
1252065 Ontario Inc										
2265 St-Laurent Boulevard, Ottawa, Ontario	13	13	2	11	1	1	2	1	2	4
1550 Carling Inc										
Carling Business Centre, 1451 Coldrey Avenue and 1550 Carling Avenue, Ottawa, Ontario	27	27	16	11	3	3	3	2		
1823175 Ontario Inc										
Pinecrest Office Park, 2745 Iris Street, Ottawa, Ontario	26	26	5	21	2	2	2	2	3	10
389288 BC Limited										
1188 West Georgia Street, Vancouver, British Columbia	18	18	1	17	1	2	2	2	2	8
3934381 Canada Inc										
1138 Melville Street, Vancouver, British Columbia	109	73	47	26	7	7	7	5	–	–
927094 Alberta Ltd										
9240 - 49th Street, Edmonton, Alberta	105	49	12	37	3	3	4	3	3	21
Aspen Properties GP Inc										
Bell Tower, Edmonton, Alberta	22	15	–	15			1	1	2	11
bcIMC Realty Corporation										
130 Colonnade Road, Ottawa, Ontario	26	26	13	13	3	2	3	3	2	–
Beatty Street General Partnership										
Pivotal Building, 877 Expo Boulevard, Vancouver, British Columbia	20	20	8	12	2	2	2	2	2	2
BGV III Office Ottawa Inc										
2215 Gladwin Crescent Street, Ottawa, Ontario	21	15	4	11	3	3	3	2	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2018	2019	2020	2021	2022	2023 and subsequent
Bona Building & Management Company Ltd										
155 McArthur Avenue, Ottawa, Ontario	30	19	9	10	4	4	2	–	–	–
333 and 335 North River Road, Ottawa, Ontario	98	72	33	39	12	12	12	3	–	–
BPO (Ontario Core) Ltd, Ontari Holdings Ltd and CREHOY Inc										
Jean Edmonds Building, North Tower, 300 Slater Street, Ottawa, Ontario	101	101	12	89	10	10	10	10	10	39
Jean Edmonds Building, South Tower, 365 Laurier Avenue West, Ottawa, Ontario	95	65	11	54	9	9	9	10	10	7
Place de Ville - Towers A, B and C, 320 Queen Street, Ottawa, Ontario	483	415	131	284	42	41	39	35	16	111
BPO Properties Ltd, HRI Exchange Inc and PFS Exchange Inc										
Exchange Tower, 130 King Street West, Toronto, Ontario	62	62	47	15	12	3	–	–	–	–
Capital City Shopping Centre Limited										
Billings Bridge Office Tower, 2323 Riverside Drive, Ottawa, Ontario	25	25	–	25	3	2	2	3	2	13
City Centre Equities Inc, c/o Harvard Developments Inc										
1870 Hamilton Street, Regina, Saskatchewan	26	26	10	16	3	2	3	2	3	3
Cominar Real Estate Investment Trust										
3400 Jean-Béraud Avenue, Laval, Quebec	40	40	14	26	4	4	4	4	4	6
Place de la Cité, 550 de la Cité Boulevard, Gatineau, Quebec	21	21	–	21	–	2	7	7	5	–
Développements Hautes-Plaines S.E.N.C.										
200 de la Technologie Boulevard, Gatineau, Quebec	12	12	–	12	1	1	2	2	1	5
Dream Office LP										
74 Victoria Street, Toronto, Ontario (1 of 2)	21	21	10	11	7	4	–	–	–	–
74 Victoria Street, Toronto, Ontario (2 of 2)	30	30	–	30	–	3	8	7	8	4
Dundeal Canada West (GP) Inc										
Gallery Building, 4923 - 52nd Street, Yellowknife, Northwest Territories	47	25	15	10	2	2	2	2	2	–
GWL Realty Advisors Inc										
840 Howe Street, Vancouver, British Columbia	29	29	14	15	6	6	3	–	–	–
H&R Real Estate Investment Trust										
Place Bell, 160 Elgin Street, Ottawa, Ontario	26	26	–	26	3	3	4	4	4	8
Hantom Holdings Inc										
Urbandale Building, 100 Metcalfe Street, Ottawa, Ontario	11	11	1	10	2	2	2	2	2	–
Holdings 1506 Enterprises Ltd										
4321 Still Creek Drive, Burnaby, British Columbia	15	15	–	15	2	1	2	1	2	7
Ivanhoe Cambridge II Inc										
4720 Kingsway, Burnaby, British Columbia	26	26	15	11	2	3	3	3	–	–
Larco Investments Limited										
1 Front Street, Toronto, Ontario	71	71	3	68	14	14	14	15	11	–
Lord Realty Holdings Limited and Privest Properties Ltd										
555 West Hastings Street, Vancouver, British Columbia	28	28	4	24	3	3	3	3	3	9
Manulife 3250 Lapinière Property Inc										
Central and Southern Quebec Tax Services Office, 3250 Lapinière Boulevard, Brossard, Québec	15	15	2	13	1	2	1	2	2	5

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2018	2019	2020	2021	2022	2023 and subsequent
Manulife Ontario Property Portfolio Inc										
5343 Dundas Street West, Toronto, Ontario	28	18	—	18	1	2	2	3	2	8
5343 and 5353 Dundas Street West, Toronto, Ontario	18	13	2	11	1	1	2	1	1	5
Minto Commercial Properties Inc										
180 Kent Street, Ottawa, Ontario	44	44	32	12	5	5	2	—		
Canada Building, 344 Slater Street and Enterprise Building, 427 Laurier Avenue West, Ottawa, Ontario	161	122	47	75	12	12	12	13	13	13
Morguard Investments Limited in trust										
Standard Life Centre, 280 Slater Street, Ottawa, Ontario	63	63	22	41	6	6	6	7	7	9
Morguard Investments Limited in trust for Cordova Equities Inc										
Standard Life Centre, 333 Laurier Avenue West, Ottawa, Ontario	28	28	1	27	5	6	6	6	4	—
Morguard Real Estate Investment Trust										
7575 - 8th Street North-East, Calgary, Alberta	30	30	9	21	3	3	3	3	3	6
MTCC GP Inc										
277 Front Street West, Toronto, Ontario	21	21	1	20	4	4	4	5	3	
Omers Realty Corporation and CPP Investment Board Real Estate Holdings Inc										
Constitution Square, 350-360 Albert Street, Ottawa, Ontario	93	93	48	45	9	10	10	10	6	—
OMNI Property Management Inc										
1611 Main Street, Vancouver, British Columbia	65	65	13	52	4	4	5	4	4	31
OPB (Centre 10) Inc										
517 - 10th Avenue South West, Calgary, Alberta	173	69	24	45	7	7	7	7	7	10
OPGI 1 Limited Partnership										
800 Burrard Street, Vancouver, British Columbia	41	41	31	10	8	2	—			
Orlando Corporation										
5800 Hurontario Street, Mississauga, Ontario	62	62	39	23	6	7	6	4	—	—
Oxford Properties Group Inc and 231867 Ontario Limited										
800 Burrard Street, Vancouver, British Columbia	80	68	—	68	8	11	11	11	11	16
Oxford Properties Group Inc and OREC (RAC) Holdings Inc										
120 Adelaide Street West and 101 Richmond Street West, Toronto, Ontario	158	76	—	76		6	7	7	8	48
Pensionfund Realty Limited										
59 Camelot Drive, Ottawa, Ontario	29	29	3	26	3	3	2	3	3	12
99 Metcalfe Street, Ottawa, Ontario	38	38	22	16	4	4	4	3	1	
250 Albert Street, Ottawa, Ontario	30	19	—	19	2	4	4	4	4	1
Place Bonaventure Property Management Inc										
Place Bonaventure, 800 de la Gauchetière Street West, Montréal, Quebec	20	20		20	—	2	2	2	2	12
RIZE Alliance (Terminal Building) Inc										
Canada Revenue Agency Tax Services Office, 468 Terminal Avenue, Vancouver, British Columbia	78	78		78	5	5	5	5	5	53
Slate Office II										
280 Broadway Avenue, Winnipeg, Manitoba	25	25	15	10	2	2	2	2	2	
365 Hargrave Street, Winnipeg, Manitoba	15	15	3	12	1	2	1	2	1	5
Station Lands Ltd										
Epcor Tower, 10423 - 101st Street, Edmonton, Alberta	139	75	41	34	8	7	8	7	4	—

Table 11.3

Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2017—*concluded*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2018	2019	2020	2021	2022	2023 and subsequent
Sun Life Assurance Company of Canada and Ontari Holdings Limited										
Sun Life Financial Centre, East Tower, 50 O'Connor Street, Ottawa, Ontario	71	53	5	48	5	5	5	5	6	22
Sun Life Assurance Company of Canada and SITQ National Inc										
1155 Metcalfe Street, Suite 55, Montréal, Quebec	18	18	7	11	2	2	2	2	2	1
Surrey CC Properties Inc										
13450 - 102nd Avenue, Surrey, British Columbia	30	30	4	26	3	2	3	2	3	13
The Chambers Equities Limited										
Chambers Building, 40 Elgin Street, Ottawa Ontario	15	12	–	12	1	1	1	1	1	7
The Great-West Life Assurance Company										
Centennial Towers, 200 Kent Street, Ottawa, Ontario	235	183	48	135	14	15	15	15	16	60
The Great-West Life Assurance Company, London Life Insurance and Canada Life Insurance Company of Canada										
151 Yonge Street, Toronto, Ontario	12	12	–	12	3	2	3	2	2	–
West Corr Holdings Ltd										
3427 Faithfull Avenue, Saskatoon, Saskatchewan	24	24	4	20	2	1	2	1	2	12
Winnipeg Square Leaseco Inc										
Commodity Exchange and Winnipeg Square, 360 Main Street, Winnipeg, Manitoba	41	41	–	41	–	–	1	4	4	32
	3,606	*2,944*	*867*	*2,077*	*302*	*303*	*305*	*281*	*229*	*657*
Transport										
Canadian Air Transport Security Authority										
Sun Life Assurance Company of Canada	50	50	25	25	4	5	4	5	4	3
VIA Rail Canada Inc.										
Canadian National Railways										
Montréal Central Station	104	104	94	10	6	4	–	–	–	–
City of Toronto										
Union Station	211	211	45	166	3	4	4	4	4	147
SITQ										
Place Ville Marie, Montréal	36	36	9	27	3	3	3	3	4	11
	401	*401*	*173*	*228*	*16*	*16*	*11*	*12*	*12*	*161*
Total operating leases	5,588	4,926	1,471	3,455	398	400	396	371	320	1,570
Grand total	**215,539**	**209,797**	**94,392**	**115,405**	**35,819**	**24,001**	**18,646**	**11,712**	**6,277**	**18,950**

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[1] The amount disbursed relates to the reduction of contractual obligations for assets under construction through a public-private partnership arrangement.

[2] The amounts shown relate to a future capital lease obligation.

[3] The amounts shown relate to interest and executory costs associated with a future capital lease obligation.

International contractual obligations

Table 11.4 summarizes the international contractual obligations according to whether they would result in the disbursement of funds for non-budgetary share capital and loans, or for budgetary transfer payments, loans and advances and contractual obligations.

International contractual obligations reported in this table include transfer payments, and loans and advances to international organizations as well as loans for the development of export trade (administered by Export Development Canada), if any, which Canada has agreed to disburse in the future. Future paid-in share capital represents commitments made by Canada for future purchases of non-budgetary share capital in international organizations. The amounts reported in Table 11.4 as undisbursed loans and advances and as future paid-in share capital exclude notes that have been issued and that are still unpaid as at March 31, 2017.

Table 11.4 presents information that is summarized in Note 18 to the consolidated financial statements in Section 2 of this volume.

Table 11.4
International contractual obligations

(in millions of dollars)[1]

	Transfer payments	Undisbursed loans and advances	Future paid-in share capital	Total
Non-budgetary share capital and loans				
Global Affairs				
Department of Foreign Affairs, Trade and Development				
African Development Bank	—	—	3	3
Inter-American Investment Corporation	—	—	85	85
	—	—	*88*	*88*
Budgetary transfer payments, loans and advances				
Environment and Climate Change				
Department of the Environment				
International Bank for Reconstruction and Development — World Bank Group	2	—	—	2
The National Center for Atmospheric Research	1	—	—	1
United Nations Environment Programme				
Climate change and clean air	5	—	—	5
World Meteorological Organization				
Climate Risk and Early Warning Systems	10	—	—	10
Weather and environmental services	3	—	—	3
	21	—	—	*21*
Finance				
Department of Finance				
African Development Fund — Multilateral Debt Relief Initiative	402	—	—	402
International Development Association				
Multilateral Debt Relief Initiative	873	—	—	873
Subscriptions and contributions	1,325	—	—	1,325
	2,600	—	—	*2,600*
Global Affairs				
Department of Foreign Affairs, Trade and Development				
International Development	1,986	—	—	1,986
International Humanitarian Assistance	775	—	—	775
International Security and Democratic Development	190	—	—	190
Asian Development Fund	—	132	—	132
Caribbean Development Bank — Special Development Fund	—	70	—	70
Global Environment Facility Trust Fund	—	80	—	80
International Fund for Agricultural Development	—	13	—	13
Montreal Protocol Multilateral Fund	—	5	—	5
	2,951	*300*	—	*3,251*

Table 11.4
International contractual obligations—*concluded*

(in millions of dollars)[1]

	Transfer payments	Undisbursed loans and advances	Future paid-in share capital	Total
Innovation, Science and Economic Development				
Department of Industry				
International Telecommunication Union	14	—	—	14
Canadian Space Agency				
European Space Agency	117	—	—	117
National Research Council of Canada				
Canada-France-Hawaii Telescope Corporation	23	—	—	23
SKA Organization	—	—	—	—
The National Science Foundation				
Atacama Large Millimetre/Submillimetre Array	12	—	—	12
Gemini Twin Telescope Project	35	—	—	35
TMT International Observatory LLC	150	—	—	150
	351	—	—	*351*
Natural Resources				
Department of Natural Resources				
The Alliance for Sustainable Energy, LLC	*2*	—	—	*2*
	5,925	*300*	—	*6,225*
Total	5,925	300	88	6,313

[1] Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2017 ($1 USD = $1.3299 CAD, 1 SDR = $1.8045 CAD, 1 EUR = $1.4189 CAD).

Contingent liabilities

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur. Contingent liabilities are recorded in the accounts when it becomes likely that a payment will be made and the amount of that payment can be reasonably estimated. The contingent liabilities of the Government are grouped into: guarantees provided by the Government, international organizations, claims and pending and threatened litigation, and insurance programs of agent enterprise Crown corporations. Additional information regarding each category is provided below.

For details of contingent liabilities of consolidated Crown corporations, refer to Table 4.4 in Section 4 of this volume. Particulars of contingent liabilities of enterprise Crown corporations and other government business enterprises are not consolidated with those of the Government but details of these contingencies may be found in Table 9.7 of Section 9 of this volume.

Guarantees

Guarantees provided by the Government include:

- guarantees on the borrowings of enterprise Crown corporations and other government business enterprises;
- loan guarantees;
- insurance programs managed by the Government;
- other explicit guarantees.

Losses on guarantees are recorded in the accounts when it is likely that a payment will be made to honour a guarantee and when the amount of the anticipated loss can be reasonably estimated. The amount of the allowance is determined by taking into consideration the nature of the guarantee, loss experience and the use of other measurement techniques. Borrowings of enterprise Crown corporations and other government business enterprises are recorded as liabilities for the portion not expected to be repaid directly by these corporations.

Table 11.5 lists the outstanding guarantees and is summarized in Note 6 to the consolidated financial statements in Section 2 of this volume. The authorized limits indicated in Table 11.5 represent the aggregate total of various types of authorities of Government bodies as stipulated in legislation, legal agreements or other documents that may be in force at any one time.

Table 11.5
Guarantees provided by the Government as at March 31, 2017

(in millions of dollars)

	Authorized limit (where applicable)	Principal amount outstanding
Guaranteed borrowings of enterprise Crown corporations and other government business enterprises		
Agent enterprise Crown corporations		276,559 [1]
Other guarantees provided by the Government		
Loan guarantees		
Agriculture and Agri-Food		
Department of Agriculture and Agri-Food		
Advance Payments Program – *Agricultural Marketing Programs Act*	5,000	1,246
Farm Improvement Loans Act and *Canadian Agricultural Loans Act*	3,000	104
Families, Children and Social Development		
Department of Employment and Social Development		
Canada Student Loans Act	10,782	4
Finance		
Department of Finance		
International Bank for Reconstruction and Development	157	157
Indigenous and Northern Affairs		
Department of Indian Affairs and Northern Development		
Indian Economic Development Guarantee Program	60	1
On-Reserve Housing Guarantee Program	2,200	
Canada Mortgage and Housing Corporation		1,411
Other approved lenders		325
Innovation, Science and Economic Development		
Department of Industry		
Canada Small Business Financing Act	2,343	806
Regional Aircraft Credit Facility	1,500	44
Natural Resources		
Department of Natural Resources		
Lower Churchill Hydro Electric Projects	6,300	5,397
Total – Loan guarantees	31,342	9,495
Insurance programs managed by the Government		
Canadian Heritage		
Department of Canadian Heritage		
Canada Travelling Exhibitions Indemnification Act	3,000	[2]
Finance		
Department of Finance		
Mortgage or Hypothecary Insurance Protection	350,000	258,345
Global Affairs		
Department of Foreign Affairs, Trade and Development		
Accounts administered for the Government by Export Development Canada	20,000	130
Natural Resources		
Department of Natural Resources		
Nuclear Liability Account		[2]
Transport		
Department of Transport		
Aviation War Risks		[2]
Total – Insurance programs managed by the Government	373,000	258,475
Other explicit guarantees		
Agriculture and Agri-Food		
Department of Agriculture and Agri-Food		
National Biomass Ethanol Program	140	20
Price Pooling Program – *Agricultural Marketing Programs Act*		[2]
Total – Other explicit guarantees	140	20
Total – Gross guarantees	404,482	544,549
Less: allowance for guarantees		282
Net exposure under guarantees		544,267

This table excludes insurance programs operated by agent enterprise Crown corporations. Information on these programs is disclosed in Note 6 to the consolidated financial statements in Section 2 of this volume and additional information is provided in Table 11.7 of this section.

[1] Details can be found in Table 9.5, Section 9 of this volume.

[2] No principal amount outstanding.

Advance Payments Program—*Agricultural Marketing Programs Act*

The Advance Payments Program (APP) provides producers with a cash advance on the value of their agricultural products during a specified period. By improving their cash flow throughout the year, the APP helps crop and livestock producers meet their financial obligations and benefit from the best market conditions.

Under the APP, the federal government guarantees repayment of cash advances issued to farmers by the producer organization. These guarantees help the producer organization borrow money from financial institutions at lower interest rates and issue producers a cash advance on the anticipated value of their farm product that is being produced or that is in storage. The maximum cash advance of the program is $0.4 million and the loans generally have a repayment term of 18-24 months.

Farm Improvement Loans Act and *Canadian Agricultural Loans Act*

The *Canadian Agricultural Loans Act* (CALA) program is a financial loan guarantee program that gives farmers easier access to credit. Farmers can use these loans to establish, improve, and develop farms; while Agricultural co-operatives may also access loans to process, distribute, or market the products of farming.

The CALA program builds on and replaces the previous *Farm Improvement and Marketing Co-operative Loans Act* program, which has helped farming operations grow their businesses by guaranteeing loans issued through financial institutions since 1988.

Through the CALA, the Government of Canada is supporting the renewal of the agricultural sector and enabling co-operatives to better seize market opportunities. This program guarantees 95 per cent of the value of loans provided to farms and cooperatives by financial institutions. For individual applicants, including corporations, the maximum amount for a CALA loan is $0.5 million. Most loans are repayable within ten years; for loans on land purchases, the repayment period is 15 years.

Canada Student Loans Act

Loans provided by financial institutions between 1964 and August 1995, under the *Canada Student Loans Act*, are fully guaranteed by the Department of Employment and Social Development (ESDC) to the lenders. ESDC reimburses the lenders for the outstanding principal, accrued interest and costs in the event of default, permanent disability or death of the borrower. ESDC bears all risks associated with guaranteed loans.

International Bank for Reconstruction and Development

During the year, pursuant to section 8.3(1) of the *Bretton Woods and Related Agreements Act*, the Minister of Finance, by order of the Governor in Council, authorized a partial loan guarantee in the amount of $118 million USD to the International Bank for Reconstruction and Development (IBRD) in respect to a $1,443.82 million USD loan entered into between the IBRD and the Republic of Iraq.

Under this guarantee, the Minister would make payment to the IBRD in the event that the Republic of Iraq is more than six months late in meeting a scheduled interest or principal payment to the IBRD. The Minister would only be required to pay a pro-rata share of the loan repayment that is past due, up to a fixed aggregate amount of $118 million USD. In the event that any portion of the guarantee is called, Canada would receive a claim from the IBRD against the Republic of Iraq, and would have the option to pursue recovery. At this point, no losses are anticipated with respect to this guarantee and no provision has been made.

Indian Economic Development Guarantee Program

This program authorizes the Department of Indian Affairs and Northern Development Canada to guarantee loans for non-incorporated Indian businesses on a risk-sharing basis with commercial lenders because security restrictions in the *Indian Act* prevent the mortgage and seizure of property located on reserves. Guarantees are provided for various types of borrowers whose activities contribute to the economic development of Indians and enable them to develop long-term credit relationships with mainstream financial institutions.

Loans issued under this program cannot exceed a term of 15 years and the line of credit must be renewed every year. Interest rates on guaranteed loans are consistent with rates provided by lending institutions to commercial businesses, which are usually based on a spread from the prime lending rate. Any security pledged for a guaranteed loan may not be released by the lending institution without the prior approval of the Minister of Indian Affairs and Northern Development.

On-Reserve Housing Guarantee Program

This program authorizes the Department of Indian Affairs and Northern Development Canada to guarantee loans to individuals and Indian bands to assist in the purchase of housing on reserves because security restrictions in the *Indian Act* prevent the mortgage and seizure of property located on reserves. These loan guarantees enable status Indians residing on reserves, Band councils, or their delegated authorities, to secure housing loans without giving the lending institution rights to the property.

Loans under this program are issued by registered lending institutions and Canada Mortgage and Housing Corporation. Payments of principal and interest for loans issued under this program are amortized over a period of 25 years. The interest rates on the guaranteed loans are consistent with conventional mortgage interest rates offered by the major banks.

Canada Small Business Financing Act

The *Canada Small Business Financing Act* includes loans registered since April 1, 1999. In collaboration with financial institutions, the programs offered under this Act are designed to help Canadian small and medium-sized enterprises (SMEs) get access to loans that would not otherwise have been available, or would only have been available under less favourable terms. In the event a registered loan defaults, the Government pays 85 per cent of the net eligible losses. To be eligible, SMEs must be for-profit businesses with revenues not exceeding $10 million per year.

Regional Aircraft Credit Facility

The Regional Aircraft Credit Facility Program was established in 2004 to provide sales financing assistance in the form of loan guarantees to enable domestic air carriers to acquire Canadian-built fixed-wing commercial jets.

The guarantees are provided on commercial terms and are secured by the aircraft financed by private lenders. These guarantees have a life of 15 years. This program expired on March 31, 2008.

Lower Churchill Hydroelectric Projects

In 2011, the Government of Canada committed to providing a loan guarantee to support the Lower Churchill Hydroelectric Projects, including two projects sponsored by Nalcor Energy ((1) Muskrat Falls and Labrador Transmission Assets and (2) Labrador-Island Link) and one project sponsored by Emera Inc. (Maritime Link). The federal loan guarantee applied to the debt raised for the construction of these projects. Subsequent to signing of the Guarantee Agreements by the Minister of Natural Resources for the Muskrat Falls/Labrador Transmission Assets and for the Labrador Island Link, on December 13, 2013, the financing was completed for the Nalcor-led projects, raising $5 billion of guaranteed debt in the form of a bond financing. These bonds have a life varying from about 15 years to 40 years. After the Minister of Natural Resources signed the Guarantee Agreement for the Maritime Link on April 23, 2014, the bond financing was completed for the Maritime Link, raising $1.3 billion of guaranteed debt for a life of about 39 years. As of March 31, 2017, $5,396,676,272 of guaranteed debt has been released to the project entities. As per the terms of the bonds that were issued, initially, only interest payments are being made on the guaranteed debt. The commencement of principal payments on the guaranteed debt has been scheduled to coincide with the expected commissioning dates of the projects, with the schedule of these payments depending on the specific terms and conditions of each of the guaranteed bonds. Among the many safeguards put in place to protect Canada's interest, all of the project entities' shares, assets and agreements have been pledged as security to Canada.

Canada Travelling Exhibitions Indemnification Act

Pursuant to s. 3(1) of the *Canada Travelling Exhibitions Indemnification Act* (the Act) the Minister of Canadian Heritage is authorized to enter into indemnification agreements with owners of objects or appurtenances on loan to travelling exhibitions in Canada. Under the Act, maximum levels of liability are established including: no more than $600 million in respect of each travelling exhibition and; no more than $3 billion at any given time in respect of all travelling exhibitions. The Canada Travelling Exhibitions Indemnification Regulations set out specific requirements to be met when owners are seeking indemnification agreements with the Minister. The Regulations also set limitations on the scope of indemnity, establish deductibles, define maximums for and period of coverage, set requirements for condition reporting, outline a claims procedure and provide for dispute resolution, among other things. Applicants may include institutions organizing or participating in travelling exhibitions who apply on behalf of owners. Upon approval of an application by the Minister, the owner of an object or appurtenance included in the particular travelling exhibition may enter into an indemnification agreement with the Minister.

Mortgage or Hypothecary Insurance Protection

The *Protection of Residential Mortgage or Hypothecary Insurance Act* (PRMHIA) received Royal Assent on June 26, 2011, and came into force on January 1, 2013.

The PRMHIA authorizes the Minister of Finance to provide protection in respect of certain mortgage or hypothecary insurance contracts written by approved mortgage insurers. Under the PRMHIA, a payment in respect of this guarantee would only be made if a winding-up order were made in respect of an approved mortgage insurer that had written an insurance contract guaranteed under the PRMHIA. In that case, the Minister would honour lender claims for insured mortgages in default, subject to: *(1)* any proceeds the beneficiary has received from the underlying property or the insurer's liquidation, and *(2)* a deductible of 10 per cent of the original principal amount of the insured mortgage.

As at March 31, 2017, the aggregate outstanding principal amount of loans that are guaranteed under the PRMHIA is estimated at $291.2 billion ($242.5 billion in 2016). Any payment by the Minister is subject to a deductible equal to 10 per cent of the original principal amount of these loans, or $32.9 billion ($26.8 billion in 2016). The principal amount outstanding presented within Table 11.5 does not refer to anticipated losses or payments in respect of the guarantee. No provision has been made in these accounts for payments under the guarantee.

As at March 31, 2017, there are two approved mortgage insurers under the PRMHIA: Genworth Financial Mortgage Insurance Company Canada, and Canada Guaranty Mortgage Insurance Company.

Accounts administered for the Government by Export Development Canada

The Government of Canada has authorized support for insurance and guarantee programs which, on the basis of Export Development Canada's (EDC) risk management practices, could not be supported under EDC's Corporate Account but are in the national interest. Canada Account transactions consist of activities undertaken by EDC pursuant to Section 23 of the *Export Development Act*.

Nuclear Liability Reinsurance Account

Under the *Nuclear Liability and Compensation Act* (NLCA), which entered into force on January 1, 2017, and replaced the *Nuclear Liability Act* (NLA), operators of designated nuclear installations are required to maintain financial security against the liability imposed on them by the NLCA.

The NLCA establishes that the operator's liability for damages resulting from a nuclear incident is limited to $1 billion, an amount to be phased in over four years with $650 million applying in 2017, and $1 billion in 2020. This amount applies to the "Power Reactor Class" of nuclear installations prescribed in the Nuclear Liability and Compensation Regulations (NLCR). Lower liability amounts for lower-risk installations, based on their commensurate risk, are prescribed in the NLCR. The Minister of Natural Resources is required to review the operator's liability limit at least once every five years, and the Government may increase the limit by regulation.

The financial security covering the operator's liability must be in the form of insurance obtained from an insurer approved by the Minister. However, up to 50 per cent of the operator's financial security can be in some other form subject to the Minister's approval.

Both the insurance to nuclear operators under a standard policy, which is approved by the Minister, and the other forms of financial security cover all the categories of damage that are compensable under the NLCA, with the exception of damage arising from normal emissions, and bodily injury occurring 10 to 30 years after a nuclear incident. Through the indemnity agreement, entered into with 17 operators, the federal government covers the liability associated with the two exceptions and the difference between the lower liability amount prescribed in NLCR and liability amount assigned in the NLCA to nuclear operators of the "Power Reactor Class". The federal government charges each operator an annual fee for providing this indemnity coverage.

The Department of Natural Resources administers the Nuclear Liability Account (Account) on behalf of the federal government through a consolidated specified purpose account. This Account is a continuation of the Nuclear Liability Reinsurance Account under the previous NLA. All fees paid by the operators of nuclear installations are credited to this Account. The closing balance of this Account as at March 31, 2017, is $4,025,440. Any claims under an indemnity agreement could be up to the level of the liability amount assigned in the NLCA; however, there is no limit to the number of incidents to which the indemnity could apply. There have been no claims against – or payments out of – the Account since its creation under the NLA.

Aviation war risks

The Aviation War Risk Liability Program's guarantee is a blanket indemnity to the air industry for any losses arising as a result of war risks causing personal injury or property damage to third parties. Under the current program, airlines and other stakeholders are responsible for obtaining a certain threshold of third party war risk liability insurance. The Government's indemnity covers the gap between the threshold amounts and the individual policy holder's general liability policy limit. There is neither specified amount, nor amount specifiable—any given claim is up to the level of the individual participants' general insurance policy and there is no limit on the number of claims that can be made. The guarantee is in effect until June 30, 2016.

National Biomass Ethanol Program

By Agreement dated March 30, 2001 (and amended in September 1, 2003), Her Majesty the Queen in Right of Canada as represented by the Minister of Agriculture and Agri-Food and Farm Credit Canada (FCC) entered into the National Biomass Ethanol Program. The purpose of the program is to encourage new biomass fuel ethanol production in Canada. Guarantees are provided in relation to the Line of Credit Agreements entered into by FCC.

Price Pooling Program—*Agricultural Marketing Programs Act*

The Price Pooling Program provides a price guarantee that protects marketing agencies and producers against unanticipated declines in the market price of their products. Program participants use the price guarantee as security in obtaining credit from lending institutions. This credit allows the marketing agency to improve cash flow of producers through an initial payment for products delivered. It also provides equal returns to producers for products of like grades, varieties and types. This program is designed to assist and encourage cooperative marketing of eligible agricultural products, including processed products.

International organizations

Within contingent liabilities, callable share capital represents the portion of Canada's capital subscriptions that has not yet been paid-in. Callable capital is subject to call by offshore banks in the event that they were unable to meet their obligations.

Table 11.6 details the contingent liabilities for international organizations and is summarized in Note 6 to the consolidated financial statements in Section 2 of this volume.

Table 11.6
International organizations—Contingent liabilities

(in millions of dollars)[1]

	March 31, 2017	March 31, 2016
Non-budgetary share capital and loans		
Callable share capital		
Finance		
Department of Finance		
European Bank for Reconstruction and Development	1,146	1,193
International Bank for Reconstruction and Development (World Bank)	8,786	8,580
Multilateral Investment Guarantee Agency	61	59
	9,993	*9,832*
Global Affairs		
Department of Foreign Affairs, Trade and Development		
African Development Bank	4,386	4,216
Asian Development Bank	8,462	8,264
Caribbean Development Bank	163	159
Inter-American Development Bank	8,776	8,570
	21,787	*21,209*
Total	31,780	31,041

[1] Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2017 ($1 USD = $1.3299 CAD; 1 SDR = $1.8045 CAD; 1 EUR = $1.4189 CAD).

Claims and pending and threatened litigation

Please refer to Note 6 to the consolidated financial statements in Section 2 of this volume for information on claims and pending and threatened litigation.

Insurance programs of agent enterprise Crown corporations

An insurance program is a program where the insured, an outside party, pays an insurance fee which is credited to an insurance fund or provision. The amount of the fee is based on the estimated amount of insurance fund or provision needed to meet future claims. The Canada Deposit Insurance Corporation, Canada Mortgage and Housing Corporation, Export Development Canada and Farm Credit Canada currently operate insurance programs as agents of Her Majesty. Insurance programs operated by private corporations such as employee group insurance, dental plans, etc., are not included in this definition.

The insurance programs are intended to operate on a self-sustaining basis. However, in the event the corporations have insufficient funds, the Government will have to provide financing. The Government expects that all four corporations will cover the cost of both current claims and possible future claims.

Information presented in Table 11.7 has not been audited. Additional financial information relating to these corporations may be found in the quarterly *Inventory of Government of Canada Organizations*. This information is also summarized in Note 6 to the consolidated financial statements in Section 2 of this volume.

Table 11.7
Summary of insurance programs of agent enterprise Crown corporations for the year ended March 31, 2017

(in millions of dollars)

	Canada Deposit Insurance Corporation[1]		Canada Mortgage and Housing Corporation[2]				Export Development Canada[3]		Farm Credit Canada[4]	
			Mortgage Insurance Fund		Mortgage-Backed Securities Guarantee Fund					
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
Insurance in force as at reporting date	741,328	696,059	502,000	520,000	457,000	429,000	22,112	21,943	5,872	5,617
Opening balance of Fund	2,116	1,801	17,070	15,840	1,898	1,676	[3]	[3]	14	12
Revenues for the period										
Premiums and fees	421	361	1,515	1,585	300	279	194	197	26	25
Investment income	40	40	668	585	45	45	–	–	–	–
Other revenues	–	–	(1)	3	6	6	–	–	–	–
Total revenues	461	401	2,182	2,173	351	330	194	197	26	25
Expenses for the period										
Loss on/provision for claims	300	50	310	305	–	–	–	–	6	9
Administrative expenses	41	40	270	222	38	32	–	–	7	7
Other expenses (includes taxes)	–	(4)	393	402	78	74	57	65	9	7
Total expenses	341	86	973	929	116	106	57	65	22	23
Net income or (loss) for the period	120	315	1,209	1,244	235	224	137	132	4	2
Adjustments	–	–	37	(14)	3	(2)	–	–	–	–
Closing balance of Fund	2,236	2,116	18,316	17,070	2,136	1,898	[3]	[3]	18	14
Net claims during the period[5]			352	364			82	124	6	10
Five year average of net claims paid			409	462			134	122	8	8

[1] The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits placed with member banks and trust and loan companies for up to $100,000 per depositor, per institution. The Corporation is funded by premiums assessed against its member institutions.

[2] Canada Mortgage and Housing Corporation (CMHC) administers two funds: the Mortgage Insurance Fund (MIF) and the Mortgage-Backed Securities Guarantee Fund (MBSGF). The MIF provides insurance for a fee, to lending institutions to cover mortgage lending on Canadian housing. Besides establishing a framework of confidence for mortgage lending by lending institutions, the Fund facilitates an adequate supply of mortgage funds by reducing the risk to lenders and by encouraging the secondary market trading of mortgages, to make housing more accessible for Canadians. An actuarial study of the MIF is produced as of September 30 of each year. The Corporation determines provisions for claims and unearned premiums at December 31 using valuation factors taking into account new business, claims and interest for the last quarter. The MBSGF supports two CMHC guarantee products: *National Housing Act* (NHA) Mortgage-Backed Securities and Canada Mortgage Bonds.

The Mortgage-Backed Securities (MBS) program was implemented in 1987. For a guarantee fee paid by approved financial institutions, CMHC and ultimately the Government guarantee timely payment of monthly principal and interest to MBS investors who participate in a pool of insured residential mortgages which have been repackaged by the financial institution into investments which can be sold to investors in denominations as low as $1,000. The Canada Mortgage Bond (CMB) program was implemented in 2001. Under this program, bonds are issued by a special purpose trust known as Canada Housing Trust and sold to investors in denominations as low as $1,000. The proceeds of the bonds are used to purchase mortgages packaged into newly issued NHA MBS. Canada Mortgage Bonds of $225,306 million ($217,392 million in 2016) including accrued interest, issued by the Trust carry the full faith and credit of the Government of Canada. The timely payment of semi-annual interest and principal at maturity is guaranteed by the Government of Canada through CMHC.

[3] Export Development Canada (EDC) provides export and foreign investment insurance to Canadian businesses to facilitate and develop export trade. The insurance program has been adequate to provide for the full cost of claims experienced to date and for the cost of future claims established based on previous claims experience. The Corporation does not maintain a separate fund for its insurance program and therefore the balance of the fund is not available. EDC maintains an allowance for claims on insurance which is based on an actuarial review of net loss experience and potential net losses. The balance of the allowance is $530 million ($520 million in 2016).

[4] Farm Credit Canada sells group creditor life and accident insurance to its customers through a program administered by a major insurance provider.

[5] Refers to the difference between claims and amounts received from sales of related assets and other recoveries.

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